



President Suharto, seated among his generals at a conference Thursday in Jakarta. At his left were General Feisal Tanjung and General Wiranto.

Suharto Tells Military To Take 'Stern Action'

Food Rioting Spreads to Western Java Town

By Seth Mydans
New York Times Service

JAKARTA — President Suharto told the military Thursday to "take stern action" against his opponents as tensions rise in Indonesia before his expected confirmation next month for a new term in office.

"The political temperature across the nation is rising," fueled by increasing economic hardships, Mr. Suharto said. "In this situation, there are signs that certain groups are using this as a chance to achieve their political goals."

He did not elaborate, but recent weeks have seen an increase both in food riots in provincial towns and small, peaceful political demonstrations in the capital. On Wednesday, the police cracked down for the first time on a demonstration here, detaining about 140 people.

[Hundreds of rioters protesting higher food prices threw rocks and burned Chinese-owned shops Thursday in the western Java town of Jatwangi, The Associated Press reported from Jakarta. At least 13 shops were burned and 30 others damaged in the four-hour melee. Sixteen people were arrested.]

Addressing a conference of military leaders Thursday, Mr. Suharto said, "Take stern action against those who act unconstitutionally, especially any actions that could lead to national disintegration."

The military conference announced the expected promotion of General Wiranto, the army chief of staff, to chief of the armed forces. Like many Indonesians, he uses only one name.

Military analysts say the armed forces are united in support of Mr. Suharto, and both General Wiranto and the man he replaces, General Feisal Tanjung, are seen as reliable backers of the president.

After 32 years in power, analysts say Mr. Suharto's grip on the country is as firm as ever, despite spreading malaise and an economic crisis that is causing bankruptcies, job losses and price rises. With the country's political opposition weak and fragmented, Mr. Suharto appears to feel free to pursue his own political scenario. In the face of opposition both from large portions of Indonesia's political elite and from foreign

investors who gauge the nation's stability, his political party has issued a new hint that he might name a controversial aide next month as vice president.

The governing party, Golkar, announced late Wednesday that in addition to its own party leader, Harmoko, it would back B.J. Habibie, the research and technology minister, for vice president. A second of the three officially sanctioned parties also hinted that Mr. Habibie would be one of its candidates.

Mr. Habibie, a longtime confidant of the president's, is widely criticized as brilliant but eccentric, a man whose unconventional economic notions and extravagant projects would make him seem an unreliable heir apparent.

When Mr. Suharto floated his name for the position a month ago, the rupiah fell to its lowest point in six months.

No Indonesian vice president has served more than one term. But the incumbent, Try Sutrisno, a former military commander, is the most frequently named competitor to Mr. Habibie.

Mr. Suharto has said he will announce his choice for vice president next month, when a 1,000-member People's Consultative Assembly that is dominated by his supporters is expected to name him to a seventh five-year term.

With little doubt remaining that Mr. Suharto, 76, will stay on, an obsessive guessing game has emerged here over his choice of vice president.

"All the analysts are waiting for the vice president to be named," said Wimar Wiratna, a prominent political commentator. "But the name of the vice president is not important. I don't want to waste my time thinking about it. It's just a symbolic position."

Mr. Suharto has every intention of serving out his term, he said, and even if he dies or is incapacitated, someone other than the vice president could succeed.

One Western analyst, who asked not to be identified, said there were two possible succession scenarios. Either the vice president would finish out the term of office or the People's Consultative Assembly would reconvene to work out the succession.

"In politics, the Indonesians are very strict about following the rules," the analyst said. "But they have a lot of rules to choose from."

Moscow Scolds U.S. on Iraq Policy

Defense Chief Tells Cohen of 'Deep Concern' for Relations

By Steven Lee Myers
New York Times Service

MOSCOW — Russia's defense minister, Igor Sergeev, sharply criticized the United States on Thursday for its threats to attack Iraq, warning the American defense secretary, William Cohen, that a strike could undercut efforts to improve ties between the two nations' militaries.

Speaking bluntly at the beginning of a meeting focused on arms control and other security issues, Mr. Sergeev said Russia felt "deep concern" about the prospect of an American-led attack and accused the Clinton administration of moving too hastily.

"Is America ready for all the possible consequences?" Mr. Sergeev told Mr. Cohen, departing from the diplomatic niceties that normally characterize opening remarks at meetings like these. "Does the uncompromising and tough position of the United States on Iraq help to strengthen stability and security in the world?"

President Boris Yeltsin and other senior Russian officials have strongly criticized the Clinton administration's threat to use force to make Saddam Hussein

comply with United Nations resolutions requiring Iraq to dismantle its biological and chemical weapons programs. Last week, Mr. Yeltsin said an attack could lead to world war.

Mr. Cohen and his aides played down Mr. Sergeev's remarks, suggesting that they were meant as much for public consumption as for Mr. Cohen's

This time, the U.S. Navy gets its chance. • The Iraqi opposition in disarray. • The UN has an idea. • Gulf states rebuke Iraq. Page 7.

delegation. Mr. Cohen appeared to be taken aback by the bluntness of the rebuke, but after emerging from the meeting two and half hours later, he said his discussions with Mr. Sergeev had "a good opening and a great closing."

A senior American aide said that once television cameras and journalists left the room, Mr. Sergeev quickly turned from differences over Iraq to issues involving NATO's expansion and the prospects of ratifying the second strategic nuclear reduction treaty, or START-2.

Nevertheless, Mr. Sergeev's remarks reflected the sharp division between Russia and the United States over how to respond to Mr. Saddam's defiance of the weapons inspections. It was the first time a Russian minister had delivered what amounted to a lecture sitting face to face with an American counterpart.

■ U.S. Is 'Proceeding Cautiously'

Mr. Cohen took notes as he listened to the Russian defense minister's opening remarks and then rebutted Mr. Sergeev's criticisms, wire services reported.

"President Clinton has exercised great caution in not making haste quickly but rather proceeding cautiously and with great prudence," Mr. Cohen said. "You properly raised the question of what are the possible consequences of acting militarily. It is equally appropriate to ask the question, 'What if we fail to act and allow Saddam to continue to flout the UN resolutions, to continue to play hide-and-seek with the inspectors?'"

Later, at a news conference after the private part of the meeting, the Russian said his country's main fear

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Russian-Iraqi Evasion Of Sanctions Suspected

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — United Nations inspectors in Iraq uncovered last fall what they considered highly unsettling evidence of a 1995 agreement by the Russian government to sell Iraq sophisticated fermentation equipment that could be used to develop biological weapons, according to sources.

A confidential document prepared by Iraqi officials and seized by a UN inspection team at a government ministry described lengthy negotiations leading to a deal worth millions of dollars, including discussions that took place roughly six months after Iraq's purchase of other biological materials aroused suspicion that Baghdad was concealing an immense germ warfare program, the sources continued.

Moscow has not replied to a UN request six weeks ago for information about the deal, which included a 5,000-liter (1,300-gallon) fermentation vessel that would ostensibly be used to make protein for animal feed.

As a result, the inspectors are un-

certain if Iraq received the equipment. The vessel is 10 times larger than the largest one Iraq has admitted using to brew an arsenal of deadly germs.

The transaction would have violated a UN-authorized embargo on sales to Iraq of such sensitive materials, the sources said.

"It's dual-purpose equipment," one source said. "That's exactly what you would need for a large-scale biological plant."

[A Russian Foreign Ministry spokesman, Gennadi Tarasov, dismissed the report, according to Reuters, which quoted him as saying Thursday in Moscow: "We decisively deny these crude inventions. Russia has never made any deals with Iraq that would violate international sanctions, moreover deals involving supplies of banned technologies."

[He said that a UN request for information was sent "on Feb. 8, not six weeks ago" and that the Russians had learned of it only Thursday.]

[Agence France-Presse reported that the U.S. defense secretary, William Co-

See RUSSIA, Page 9



LEADING THE WAY — Ilya Kulik of Russia finishing first in the Olympic figure skating short program. With high marks for artistry, the tiebreaker in the long program, he is likely to win. Page 22.

• Bjorn Dabich of Norway becomes the first man to win six Winter Olympic gold medals. Page 22.

get to keep his gold medal on a legal technicality. Page 23.

• Snow, fog, wind and heavy rain in Nagano delays two more Olympic ski races. Page 23.

Starr's Tactics Anger Actors in Clinton Drama

'Ugly' Questions for Lewinsky's Mother

By Brian Knowlton
International Herald Tribune

WASHINGTON — Monica Lewinsky was returning to Washington on Thursday ready to testify before a grand jury but angered by questioning of her mother that appeared to have left the elder woman so distraught that her third appearance before the jury was delayed.

Ms. Lewinsky is "very angry" about her mother's questioning, said her lawyer, William Ginsburg. "It's not nice, it's ugly, and all Americans should take note of how far they're going in this prosecution."

The jarring spectacle of a mother being compelled to testify against her daughter appeared likely to increase the sense among a majority of Americans, as reflected by opinion polls, that the independent counsel, Kenneth Starr, has overstepped the boundaries of reasonable investigation.

Mr. Starr was authorized Jan. 16 to

investigate allegations that President Bill Clinton had an 18-month affair with Ms. Lewinsky and then sought to influence her to lie about it.

Mr. Starr has defended his tactics, which he said were necessary in investigating "credible evidence of serious federal crimes." The allegations against

Americans are disgusted with the media. • Starr pressures key Whitewater witness. Page 3.

Mr. Clinton include perjury, subornation to perjury and obstruction of justice.

Ms. Lewinsky's mother, Marcia Lewis, spent more than four hours before the grand jury on Wednesday. Appearing confident and upbeat when she first entered the courthouse the day before, she was so drained by late af-

See CLINTON, Page 9

Are Secret Service Agents Privileged?

By David E. Sanger
New York Times Service

WASHINGTON — Prosecutors investigating President Bill Clinton's relationship with a former White House intern have subpoenaed members of the Secret Service, setting up a new confrontation with the White House independent counsel over the Clinton administration's desire to restrict the testimony of close aides and the Secret Service.

Government officials confirmed that the subpoenas had been issued to the Secret Service, but it remained unclear whether the independent counsel, Kenneth Starr, was seeking the testimony of agents currently or formerly assigned to Mr. Clinton's protective detail.

[A current Secret Service officer is under subpoena, according to a senior government official who spoke with The Associated Press on condition of anonymity. The subpoena went to a uniformed patrol officer stationed at the White House, not a member of the personal detail that has greatest access to the president, according to the official.]

The Secret Service has challenged any effort to force Mr. Clinton's bodyguards to testify, arguing that it would compromise their ability to protect the president. The Treasury Department, which oversees the Secret Service, has been negotiating with Mr. Starr to try to avert a court battle over the issuance of subpoenas.

Mr. Starr has rejected White House claims that certain conversations between Mr. Clinton and his close advisers

are covered by executive privilege. Mr. Clinton's lawyers contended that he cannot conduct the business of the presidency without assurance that he can talk in confidence to his top aides.

The White House has tried to put some distance between its concerns over Mr. Starr's investigation and the dispute over whether the Secret Service should be compelled to testify. Michael McCurry, the White House press secretary, said White House lawyers had called their counterparts at the Justice

See AGENTS, Page 9

By John Vinocur
International Herald Tribune

PARIS — In dealing with the current Iraq crisis, Europe has responded with a series of individual, national positions cut off from much practical coordination and a far cry from the community's ideal of a unified European foreign policy.

Yet, fragment by fragment, variation after special situation, a general set of attitudes, as opposed to a unified approach, has emerged. The countries of the European Union will provide the basic logistical support the United

NEWS ANALYSIS

desire for distance from the Americans and proximity to the Arab world, and Germany's complex bonds to both the United States and Israel.

In fact, none of the particular instincts of the three leading European players translates into leadership positions on foreign policy that the other countries can easily rally around.

In continental Europe, for example, there are almost no reflexes comparable to the ones that have brought Britain, which currently holds the presidency of the European Union, into active cooperation with the United States on planning an attack on Iraq. This side of Calais, there is no place that could go along with the public opinion sampling in Britain this week that gave strong

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AGENDA

Clinton Line-Item Veto Voided

A federal judge declared President Bill Clinton's line-item veto authority unconstitutional on Thursday, setting the stage for a Supreme Court test over the power that Congress ceded to the president in 1996.

The law provides for a speedy appeal to the high

court, bypassing an intermediate appeals court.

Under the new authority, the president can reject sections of spending bills without vetoing the full measure.

In June, the Supreme Court turned back a challenge to the law, but on narrow grounds. Page 3.

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Sports Pages 20-23.

The Internet Page 8.
The IHT on-line www.ihnt.com




WINNING A ROUND — Casey Martin, a disabled American golfer, won a suit against the PGA Tour to allow him to use a motorized cart during tournaments in which they are forbidden. Page 20.

Newsstand Prices

Andorra	10.00	FF	Lebanon	11.30	LL
Antigua	12.50	FF	Morocco	16.00	DR
Armenia	12.50	FF	Norway	10.00	DK
Bahrain	1.600	CFA	Oman	10.00	QR
Bangladesh	5.50	TT	Poland	12.50	PL
Belize	1.100	CFA	Portugal	10.00	Esc
Bhutan	1.100	CFA	Romania	1.100	CFA
Bolivia	2.800	Li	Spain	1.250	DR
Bosnia	1.250	CFA	Tunisia	10.00	Dh
Brazil	1.250	J	U.A.E.	10.00	Dir
Bulgaria	700	FF	U.S. Mil. (Eur.)	\$1.20	

The Dollar		
New York	Thursday @ 4 P.M.	previous close
DM	1.8088	1.8119
Pound	1.6404	1.8325
Yen	124.515	123.51
FF	6.0825	6.0955

The Dow		
	Thursday	previous close
+55.05	8369.60	8314.65

S&P 500		
change	Thursday @ 4 P.M.	previous close
+4.13	1024.14	1020.01

This Time, Peru Strives to Defy El Niño

bossard's residence in April.

"I will not accept that you can't fight El Niño," Mr. Fujimori said in an interview. "We will not only fight it, we will beat it."

Almost everyone here says that without Mr. Fujimori's preparations, the damage would be magnitudes worse. The president, who is an engineer, mathematician and former university professor, began an infrastructure program in August that completely revamped drainage systems in such northern cities as Piura and Tumbes, which suffered the greatest devastation in 1983. Back then, parts of Tumbes were under water for eight months; this year, most floodwater in the city receded in less than four days.

In the overly lush desert regions, the government is planting trees and building irrigation systems that could reclaim once arid regions for cattle range. To accelerate the project, Mr. Fujimori has cut taxes on livestock imports.

THE AMERICAS

Judge Voids Line-Item Veto Power

Supreme Court to Decide On President's Authority

WASHINGTON — A federal judge declared President Bill Clinton's line-item veto authority unconstitutional on Thursday, setting the stage for a Supreme Court test over the power that Congress ceded to the president in 1996.

The law provides for a speedy appeal to the high court, bypassing an intermediate appeals court.

The Line-Item Veto Act is unconstitutional because it impermissibly disrupts the balance of powers among the three branches of government," said Judge Thomas Hogan of U.S. District Court.

The act, the judge said, "impermissibly crosses the line between acceptable delegations of rulemaking authority and unauthorized surrender to the president of an inherently legislative function, namely, the authority to permanently shape laws and package legislation."

Under the new authority, the president can reject sections of spending bills without vetoing the entire measure.

In June, the Supreme Court turned back a challenge to the law, but on narrow grounds. It ruled that six members of Congress who challenged the veto authority lacked proper legal standing to bring the case.

The court made it clear then that the law could be challenged by anyone affected by a line-item veto once the president exercised the authority.

Mr. Clinton used the veto power 82 times last year, striking \$1.9 billion in spending projected over five years. When he used it for the first time, on Aug. 11, he declared, "The Washington rules have changed for good, and for the good of the American people."

He vetoed 38 military construction projects in the spending bill for 1998. In response, angry lawmakers voted overwhelmingly to restore them and expressed serious doubts about the merits of the veto authority.

The case asked on Thursday was initiated by New York City's mayor, Rudolph Giuliani.

The city contended that it was unfairly targeted by Mr. Clinton when he canceled a section of the federal budget bill that would have let the city and state raise taxes on hospitals and pass those charges along to the federal government in the form of Medicaid benefits.

The city argued that the line-item veto violated bedrock principles separating the functions of the Congress, which creates laws, and the executive branch, which administers them.

Supporters of the act contend, however, that it grants the president only limited discretion on some federal spending bills.

In the court hearing of the suit, the Justice Department argued that the veto merely gives the president five days after he receives a spending bill from Congress to decide whether to spend the money as intended by lawmakers or apply it instead to cutting the federal debt.

New York's lawsuit involved an estimated \$2.6 billion in disputed federal Medicaid payments made to New York hospitals since 1992. The Clinton administration contends that the state received too much and wants some of it returned.

Mr. Clinton's veto struck a paragraph in the federal budget bill that would have settled the dispute in New York's favor.

The deputy mayor of New York, Randy Mastro, said, "This was an unconstitutional act that would have cost the city as much as \$2.5 billion over time, and therefore we are very pleased with the court's decision."

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We hate it, give us more: Monica Lewinsky's mother, Marcia Lewis, leaving a Washington courthouse after testifying before a grand jury looking into an alleged affair between her daughter and President Bill Clinton.

Americans Profess Disgust With Media

They Say They're 'Sick' of Sex Scandal, but Ratings Tell Different Story

By Howard Kurtz
Washington Post Service

WASHINGTON — Barbara Brynarski has had it with the media's pursuit of Monica Lewinsky.

"I just won't turn it on anymore," said Ms. Brynarski, 42, a trade publication editor from Chevy Chase, Maryland. "I'm sick of it. I'm sick of watching the photographers trample people. It's disgusting."

Linda Shaw, 47, a federal grants administrator from Rockville, Maryland, is also fed up with the coverage. "For weeks and weeks and weeks it was Paula Jones, Paula Jones, Paula Jones," she said. "Then came Monica."

The anger at the media over the investigation of President Bill Clinton and a former White House intern is like the cresting of a wave that has been gathering strength for years. The emotion is unmistakable in a torrent of calls, letters and e-mail messages: "Garbage mongers," "Cannibals," "Jackals," "Character assassination."

By every available measure, the Lewinsky story is becoming a cultural benchmark of public dissatisfaction that may resonate for years. In a conversation with 13 residents of the Washington area brought together by a research firm for The Post, a majority compared the Lewinsky saga to the O. J.

Simpson trial as a case study in media excess. Most said that the accusations that Mr. Clinton asked Ms. Lewinsky to lie about a relationship with him were unimportant and that they want more news about the U.S. standoff with Iraq.

But this denunciation of journalism, as in the Simpson case, contains the seeds of its own contradiction. The same public that complains about saturation coverage is devouring that coverage in record numbers, encouraging news providers to keep serving it up.

In the past, anti-media feelings have been strongest among certain segments of the public. Conservatives viewed the press as too soft on Mr. Clinton. Traditionalists worried about sensationalism.

Now these critics have been joined by many Clinton supporters and those who feel reporters should stop poking into private lives. Many others are simply turned off by what they see as overkill.

Journalists, said Elaine Fink, a 55-year-old technical writer, "are like a dog with a bone."

"They get ahead of something and there's nothing else in the paper or on the TV or on the radio but that story for months," she said.

The credibility of the news media seems to be at a low ebb among Americans, whether they watch the news religiously or barely glance at a paper.

"I generally don't trust what they say," said Arshon Parker, 25, a student.

Ms. Fink said: "Everyone wants to be first. People are not checking their sources. I don't watch CNN just for that reason."

There was also unanimity among those interviewed by The Post that the intense coverage of the Lewinsky story is motivated by a scramble for ratings and circulation.

"It's tabloid news," said Sara Kaskowitz, 32, a job recruiter. "Anything that will help sell the newspaper."

The growing distrust of the media comes through in virtually every poll. Fifty-six percent of those surveyed in a Post poll last week said the news media have treated Mr. Clinton unfairly during the scandal. Nearly three-quarters of those questioned in Post and CNN surveys said the Lewinsky story was getting "too much coverage." Four out of five in a Freedom Forum poll say the news media are mostly interested in attracting a large audience.

That they have done. During the scandal's peak, CNN and MSNBC doubled their usual ratings, and Fox News Channel's numbers rose 121 percent. USA Today distributed 500,000 extra copies one day; Time's newsstand sales jumped by 100,000.

Denied medical care for a breast tumor, she says she refuses to testify because she believes Kenneth Starr, the independent counsel investigating the Whitewater case, is trying to get her to lie to incriminate the president.

Mr. Starr's office has denied her allegations and has said she would be freed as soon as she testifies, calling her testimony essential since her former husband, James McDougal, began cooperating in 1996.

"The purpose of this letter is to make a proposal that I hope and believe can resolve Ms. McDougal's contempt situation entirely," an associate independent counsel, Michael Emmick, wrote to Mrs. McDougal's lawyers.

If she were to accept the latest offer, "we would agree not to prosecute Ms. McDougal for criminal contempt, obstruction of justice or any crimes related to her refusal to comply with the court's

Outside Inquiry Is Set On a Clinton Official

Reno Asks for Look at Babbitt Fund-Raising

By David Johnston
New York Times Service

WASHINGTON — Attorney General Janet Reno has decided to ask a judicial panel to appoint an outside prosecutor to investigate Interior Secretary Bruce Babbitt's role in his agency's action to kill an Indian gambling project.

Ms. Reno asked the panel to instruct the new counsel, the sixth one to be appointed during the Clinton administration, to look at whether Mr. Babbitt lied to Congress and whether the decision to kill the project was "criminally corrupted."

But the charter she proposed for the Babbitt inquiry was notably narrow in scope, and would not permit the new independent counsel the latitude to investigate broader campaign fund-raising issues, as many prominent Republicans have sought.

Ms. Reno's decision comes at a hard time for the White House, creating a second front of vulnerability at the same time that President Bill Clinton's aides battle another independent prosecutor, Kenneth Starr. He is conducting the investigation into the president's relationship with Monica Lewinsky, the former White House intern.

The appointment of the fourth independent prosecutor to investigate one of Mr. Clinton's cabinet officers is the first outside inquiry into political fund-raising. At the least, it threatens to involve Mr. Babbitt and his aides in a time-consuming, expensive and potentially threatening inquiry into whether Mr. Babbitt's agency killed the Chipewaga casino project in Hudson, Wisconsin, in return for campaign contributions from rival tribes.

Mr. Babbitt said he was disappointed by the decision and that the Interior Department's action on the Indian project "was the right one, made on the merits for the right reasons."

"Those who made the decision have testified unanimously that they were not influenced by improper political pressure," he said in a statement released by his office while he was traveling to the Everglades. "If it's true that only an independent counsel can resolve a matter like this if it involves a cabinet secretary, then I think the list of hidden costs one has to pay for public service has just grown a little longer."

Mr. Clinton expressed confidence that Mr. Babbitt would be exonerated. "I have known Bruce Babbitt for many years. He is a man of the highest integrity and dedicated public servant. I am convinced that when this matter is concluded he will be vindicated," the president said. "I look forward to his continuing service to the American people."

Ms. Reno's decision also comes at a moment of debate over independent counsel inquiries. Mr. Clinton's aides have attacked Mr. Starr for roaming far beyond his original mandate — probing the Whitewater land deal — to investigate the Lewinsky case.

If Mr. Starr's widening inquiry exemplifies how independent prosecutors extend their jurisdictional boundaries,

Republicans have hoped that the Babbitt inquiry would be a spear-point for a much broader campaign finance investigation into the frenzy of Democratic fund-raising in the 1996 campaign along with related issues, like whether the Chinese government improperly influenced the political process.

But Ms. Reno appeared Wednesday to have tried to head off any such effort by the Babbitt independent prosecutor, who will be named not by Ms. Reno but by a three-judge panel.

POLITICAL NOTES

Clinton Seeks Rise In Minimum Wage

WASHINGTON — President Bill Clinton and Democratic congressional leaders called Thursday for increasing the minimum wage by \$1 an hour as part of an election-year agenda that includes hiring teachers, expanding Medicare coverage and protecting patient rights.

In a show of unity, Mr. Clinton joined the House minority leader, Dick Gephardt of Missouri, and the Senate minority leader, Tom Daschle of South Dakota, on Capitol Hill to lay out a 1998 legislative game plan.

"We've got to stay the path of fiscal discipline," Mr. Clinton told the Democrats. "We dare not abandon it."

He cited the booming economy and gave credit to the Democratic leadership for helping enact initiatives he has supported.

Mr. Clinton said the programs were not a political agenda. But it was clear that the issues were chosen to draw contrasts with Republicans this November when the entire House and one-third of the Senate face re-election. (AP)

Judicial Nominee Wins Confirmation

WASHINGTON — What some Republicans had once hoped would be an opportunity to press the claim that President Bill Clinton is filling the courts with out-of-control judges became instead a low-key debate that has ended in the confirmation of Margaret Morrow to be a U.S. district judge in California.

A handful of conservative senators, relying on information from a conservative lobbying group, had singled out Ms. Morrow, a Los Angeles lawyer, as an example to bolster their case that Mr. Clinton was damaging the federal court system by naming "activist judges." But Ms. Morrow proved to be a poor target, winning enthusiastic endorsements from several prominent Republican lawyers in her home state.

In addition, Senator Orrin Hatch, Republican of Utah and chairman of the Judiciary Committee, said in a speech on the floor Wednesday that he did not believe there was any evidence that Ms. Morrow would be a "judicial activist," as some of his colleagues had argued. Ms. Morrow was confirmed by a vote of 67 to 28, with 25 Republicans voting in her favor. (NYT)

Quote/Unquote

Hillary Rodham Clinton, reflecting on the 24-hour media, such as the Internet, that in some cases have instantaneously flashed false news about her husband around the world: "There used to be this old saying that the lie can be halfway around the world before the truth gets its boots on. Well, today the lie can be twice around the world before the truth gets out of bed to find its boots." (NYT)

Away From Politics

• A woman who suffered a severe head injury when a wind-driven balloon in New York City's Thanksgiving Day parade knocked part of a lamppost onto her has taken the first step in filing a \$95 million lawsuit against the city. Kathleen Caronna, 34, spent almost a month in a coma after fierce winds sent the Cat in the Hat balloon out of control. (AP)

• A college dropout who sent threatening e-mail to dozens of Asian students at the University of California, Irvine, was convicted of committing a hate crime in cyberspace. A jury found Richard Machado, 21, guilty of a civil rights violation in one of the first successful federal prosecutions of a hate crime via the Internet. He could be sentenced to up to one year in federal prison and ordered to pay a \$100,000 fine. (AP)

• A nonprofit group has officially taken over much of the management of New York's Central Park. The group, the Central Park Conservancy, will direct the park's daily operations while New York City will handle larger decisions, including the deployment of police officers. (NYT)

• The Roman Catholic Diocese of Dallas has agreed to pay a total of \$5 million to settle sexual abuse lawsuits involving two former priests. The plaintiffs, four men and one woman, said they were abused in the early 1980s. (AP)

Vatican Hails Cuba's Release Of Several Dozen Prisoners

But Number Appears to Fall Far Short of Papal Request

By Vera Haller
Washington Post Service

VATICAN CITY — The Vatican on Thursday announced that Cuba had released several dozen prisoners, partially meeting an appeal for clemency made by Pope John Paul II during his trip there last month.

A Vatican statement said those freed had been on a list of several hundred prisoners, including many dissidents, whose release the Vatican had sought from Cuban officials during the Pope's visit. The Pope also had publicly called on authorities while in Cuba to free "prisoners of conscience."

"The Vatican is delighted with this notable step which represents a concrete prospect for hope for the future of that noble nation," the statement said. It said the gesture by the Communist government was "an act of clemency and goodwill to mark the visit of Pope John Paul to Cuba."

The Vatican did not name the freed persons or give the crimes for which they had been held. It said only that several dozen prisoners from the Vatican's list had been freed. The list had been compiled by Cardinal Angelo Sodano, the Vatican's secretary of state and top diplomat, based on information that relatives and human rights groups had supplied in the months leading up to the Pope's trip.

The Vatican statement said that the Cuban government also had agreed to reduce the prison terms of another group

of prisoners, but again did not say who they were or how many were involved.

Cubans enthusiastically received the Pope during the first visit ever made by a pontiff to the island on Jan. 21-25. He also was warmly welcomed by President Fidel Castro, who has headed the island's government since 1959. While in Cuba, the Pope had called for greater religious freedom and human rights.

While the Vatican said it was encouraged by the release of the prisoners, U.S. officials said it fell short of expectations. The State Department spokesman, James Rubin, said the pardons were "woefully inadequate" because they were far less than the Vatican had sought.

"These are a very small number," Mr. Rubin said. "There are dozens of political prisoners in Cuba, and we would like to see them all released, not just those who have conducted hunger strikes."

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ASIA/PACIFIC

Rightist Party Propels India's Communists Toward the Center

By John F. Burns
New York Times Service

ONARPUR, India — When Jyoti Basu arrived for an election rally in this town on the southern fringes of Calcutta, a crowd of about 25,000 people greeted him with shouts of "Lal Salaam!" meaning "Red Salute!"

The podium was draped with red bunting and a hammer-and-sickle insignia. Mr. Basu's first words were in a similar vein. "Comrades," he said, "I bring you fraternal greetings!"

In an India increasingly enamored of American-style capitalism, Mr. Basu might be taken for a man out of his time. At 83, he is the pre-eminent figure in India's fractured Communist Party. For 20 years, he has been chief minister of West Bengal, a state with 75 million people.

His base is Calcutta, a city of 12 million people with dying industries and festering slums that is an archetype of problems that accumulated in the decades when India took the Soviet Union

for its economic model. Despite the Communists' failures, Mr. Basu remains hugely popular.

"I love Comrade Jyoti and everything he stands for," said Vishwanath Mitra, a skinny, stubble-bearded man who sat in the crowd clutching a red banner. Mr. Mitra, 42, said he had worked for years as a painter for 3.50 rupees an hour, barely 30 cents in the 1970s, before Communist reforms increased his daily pay to 60 rupees, now about \$1.50.

"All I have achieved in life, I have achieved through this flag," Mr. Mitra said.

But as Indians prepare for a general election that will culminate in a final round of voting on March 7, Communists across India are having to do some fresh thinking.

For several years now, Mr. Basu's government has been hailed by Western business executives as one of the most investment-friendly among India's 25 states, to the point that some Indians question whether Mr. Basu's faction of

the party, the Communist Party of India (Marxist), remains Communist in anything but name.

Now, another ideological somersault seems to be imminent, forced by the political arithmetic of the election. Only 20 months ago, after a general election in 1996 that produced the most splintered Parliament in India's history, Mr. Basu was invited to become prime minister in a coalition government of 13 regional and leftist parties.

Under pressure from Communist hard-liners, Mr. Basu refused, saying that the party did not wish to compromise its principles by heading a government that it could not fully control.

Mr. Basu later described the decision as a "historic blunder." But by then the coalition government, under two lackluster prime ministers from center-left parties, was stumbling toward political oblivion, finally collapsing in December 1997.

This led to the current election, and polls that have established a further rise in popularity of the Bharatiya Janata

Party, the rightist Hindu nationalist group whose ascent forced the accommodations between squabbling groups that produced the coalition government in 1996.

This time, Mr. Basu and the Communist Party of India (Marxist) have said they will join a coalition and will agree to Mr. Basu's heading it, if the opportunity arises. The reasons for the change of heart were made clear in his speech at the rally here, in which he said that the rise of the Bharatiya Janata Party had confronted Indians with a choice as crucial as any since independence in 1947.

Although the Bharatiya Janata Party has never been closer to winning an election, it has chosen not to play down elements in its creed that have prompted critics to say that it favors a "Muslim bashing" India in which 700 million Hindus would suppress the rights of 120 million Muslims.

In its election manifesto, the party has advocated a raft of policies that are anathema to Muslims, including plans

to build a Hindu temple on the site of a 16th-century mosque, in the northern city of Ayodhya, that was destroyed by a Hindu mob on Dec. 6, 1992.

To Mr. Basu, an atheist raised in a Hindu family, the Bharatiya Janata Party's plans amount to an assault on the foundations of Indian democracy, as set down by Mohandas Gandhi and others in the independence generation. "The choice before us has never been more clear, or more crucial," the Communist leader said.

"After 5,000 years of civilization, do we want an India where political power will rest with people who destroy mosques?"

"Do we want to be ruled by barbarians who will attempt to divide us on communal lines? Or do you want an India where all people are treated equally, whatever their religion, their caste or ethnic group?"

"I say to all of you, this is a dangerous moment in our history, so you must think very carefully before you vote."

Renewed Indonesia Fires Worry Southeast Asia

By Michael Richardson
International Herald Tribune

SINGAPORE — With the Indonesian government short of money and preoccupied with an economic crisis that threatens to lead to serious social unrest, concern is growing in Singapore and Malaysia that the region will again be smothered in smoke pollution from uncontrolled forest fires in Indonesia.

Last year, such fires caused widespread health problems, disrupted air and sea traffic, and hit Southeast Asia's multimillion-dollar tourist industry.

Scientists and weather experts warned on Thursday that if the fires continued to gain a strong foothold in Indonesian Kalimantan and Sumatra, then Brunei, Malaysia, Singapore, southern Thailand and the Philippines could see a repeat of the pollution that blotted out the sun for days at a time in the worst-affected areas between August and November and prompted many tourists to cancel their vacation plans.

This would be a major blow for a region already battered by a currency and banking crisis, and now facing the specter of rising unemployment and inflation as economic growth slows sharply, economists said.

Indonesian officials said in Jakarta on Thursday that satellite photographs showed more than 90 "hot spot" areas, up from 23 last week, that were affected by oer or resurgent fires in parts of Kalimantan and Borneo, gripped by one of the worst droughts in living memory.

"We could certainly be in for a repeat of last year if the fires keep burning," said Steve Tamplin, regional adviser on environmental health in the World Health Organization office in Manila. "Firefighters couldn't do very much to contain the fires once they got started."

This is because in East Kalimantan Province on the island of Borneo, where most of the fires are blazing, there are vast dried-out peat and coal seams close to the surface. Once they catch fire, they are very difficult to put out. They also release poisonous sulfur and nitrogen pollutants into the atmosphere along with heavy smoke.

Soetoro, a senior official at the Coordinating Board for National Disaster Management in Jakarta, said recently that the Indonesian government hoped the fires would not spread smoke to other countries. "We might not have the money to fight the fire because of our economic problems," he added.

Such comments and the apparent inability of Indonesian authorities to control the fires, despite an official ban on burning and evidence that most are deliberately set by plantation companies or farmers to clear land for development, are causing increasing concern in neighboring countries that have to bear the consequences.

Malaysia is especially worried because it will be host to the Commonwealth Games in September, the month in which the air pollution was at its unhealthiest in 1997.

Malaysian leaders fear that a recurrence this year of the pall of smoke from Indonesian fires, which traps transport and industrial fumes to create noxious smog, will deter athletes from competing.

Singapore also has health and economic concerns. Environment and Health Minister Yeo Cheow Tong said recently that the government was keeping a close watch on the situation and helping to alert the Indonesian authorities to oew fires using satellite pictures.

"What we would like to do is to understand from them their capabilities at the present moment for fighting those fires," he said.

Malaysia, Singapore and Indonesia agreed on a joint action plan in December to prevent a recurrence of the smoke pollution, under which Jakarta agreed to improve its fire-fighting capabilities.

The International Monetary Fund's managing director, Michel Camdessus, said recently that Indonesia was unable to use its special reforestation fund to help cope with the fires last year because the money had been earmarked for a "national" car project.

When the IMF started looking at Indonesia's finances to draw up a loan-for-reforms package, he said, it found a "well-endowed" reforestation fund that was intended to help replant and protect the country's tropical forests, the second largest in the world after Brazil.

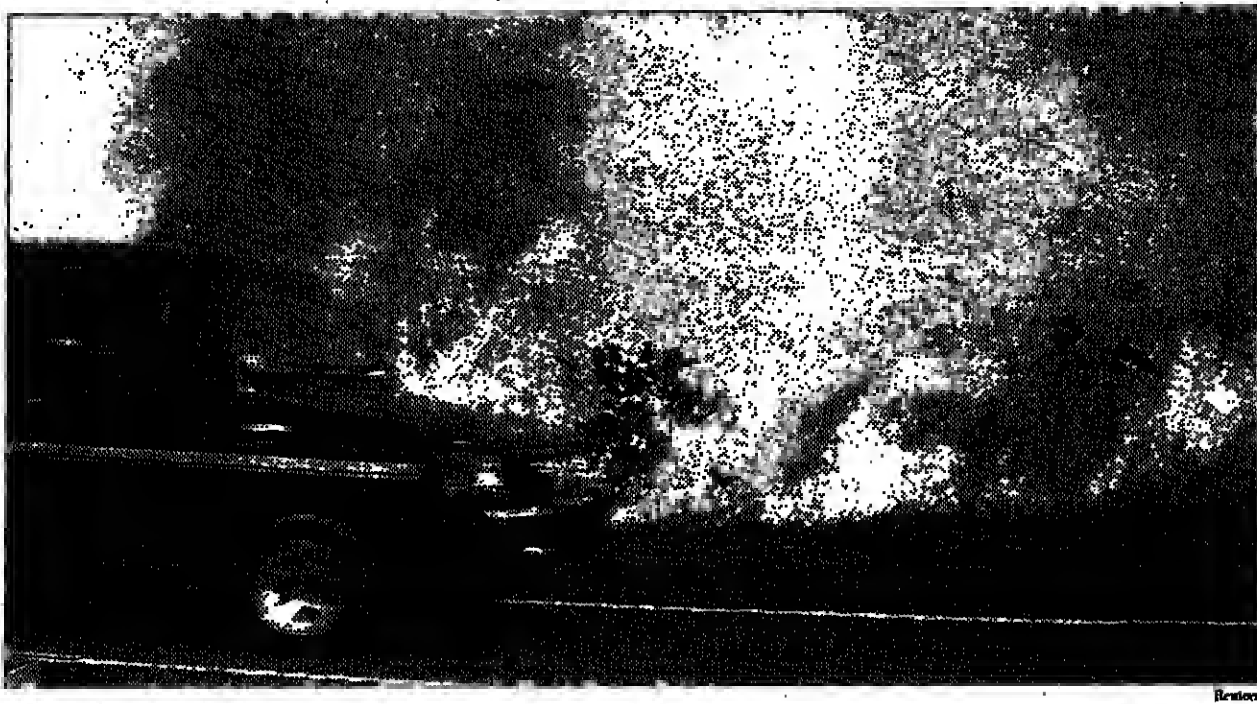
But no money had been taken from it to fight the forest fires or set up better anti-fire defenses, Mr. Camdessus told an anti-corruption business forum in Paris.

"When asked why the money had not been spent, we were told it was because it had been set aside for the project to create a national car," he said.

"Little is known about this extraordinary Reforestation Fund, but it contains billions of dollars drawn from timber taxes," said Gerry van Klinken, editor of Inside Indonesia, a magazine published from Melbourne. "Administered via presidential decree, it has long been a convenient fund for many other purposes beyond restoring forest cover."

He said that its major use was to provide cheap loans to commercial timber plantation companies, which replanted cut forests with quick-growing pine or acacia trees for pulp factories.

Indonesian environmentalists and some officials blame plantation companies, many with close connections to the government, for starting most of the fires because it is the cheapest and quickest way of clearing forest and scrub land for commercial development.



A bush fire burning down a road in East Kalimantan, Borneo, one of several areas hit by blazes in Indonesia.

Australia President Will Be Appointed, Delegates Agree

Reuters

CANBERRA — Australia's constitutional conference decided Thursday that an Australian republic should be led by an appointed president with the power to dismiss governments.

The convention settled on a preferred republican model ahead of a final but nonbinding vote Friday on whether Australia should sever its 210-year-old ties with Britain and drop Queen Elizabeth as head of state.

The convention's 152 delegates had been split between those who favored a direct public vote to elect a president and those who believed the country's political leader, the prime minister, should make that choice. A compromise between republican factions cleared the way for a consensus on how the new head of state would be elected.

If the convention votes for a republic on Friday, Prime Minister John Howard has promised a optional vote in 1999.

Under the republican model, which can still be changed before the conference winds up Friday, a president would replace the queen's representative, the governor-general.

The current system of an elected government led by a prime minister would remain, but the president would be head of state, chosen for a five-year term by the prime minister and opposition leader and approved by Parliament.

China's Economic Czar Pushes Restructuring of Bureaucracy

By Steven Mufson
Washington Post Service

BEIJING — Deputy Prime Minister Zhu Rongji is pushing a plan to streamline China's bloated government bureaucracy that would take effect just after the session of the National People's Congress next month.

Mr. Zhu wants to merge several ministries whose duties overlap. Sources suggest 10 or more ministries could be merged or abolished. In addition, Mr. Zhu is planning to take ministries overseeing industries and convert them into state-owned companies that would be expected to run on a more efficient, economically viable basis.

"At present, governmental agencies manage a lot of things they shouldn't manage and can't manage well," said Zhang Xiuxue, vice president of the National School of Administration. "The expansion of government agencies has hindered economic development."

But Mr. Zhu said that the proposed government overhaul was "still very difficult" and that "some people don't want to give up" their authority.

"Few people oppose Zhu's idea for streamlining government," a government official said, "except when it comes to their own ministry or department."

Despite widespread opposition to the plan from people who would lose status, authority or even their jobs, most analysts said, Mr. Zhu will, for the most

part, get his way. The government's chief economic policymaker, he is widely expected to become prime minister at the Party Congress next month. With the rest of Asia in economic crisis, few Chinese leaders would want to undermine the authority of the person who is considered most responsible for helping China avoid its neighbors' fate.

In what appeared to be an effort to divert criticism away from Mr. Zhu, Hu Jintao, another member of the Communist Party's all-powerful seven-man Standing Committee, is leading the working committee nominally in charge of devising the streamlining plan.

In the past, many government departments were created to serve as power bases for political groups within the party and as rewards for long-serving party cadres. There are 40 ministries under the State Council, China's cabinet, plus eight institutions, 13 administrations and bureaus and seven offices.

Now, Mr. Zhu is proposing to merge bodies that duplicate each other's work. For example, the State Commission for Economic Restructuring might merge with the State Council's Development Research Center. The Ministry of Labor and the Ministry of Personnel could combine. The Ministry of Communications could join the Ministry of Posts and Telecommunications. The Ministry of Culture and Ministry of Radio, Film and Television also have been considered for consolidation.

BRIEFLY

Aid Agencies Plead For Afghan Relief

KABUL, Afghanistan — With thousands of homeless people struggling to stay alive in north-eastern Afghanistan, which was devastated by an earthquake on Feb. 4, the United Nations and International Red Cross appealed Thursday for \$2.5 million to parachute in 1,000 tons of emergency aid.

"We can't mess around here," said Sarah Russell, spokeswoman for the United Nations in Pakistan. "If we don't get that shelter, people will die. We need this money absolutely as soon as possible."

Among other pressing needs, aid workers want to send materials to build temporary lodging for the multitudes who lost their homes in the quake, which destroyed dozens of mountain villages and was reported to have killed at least 4,500 people.

Damaged roads, snow, fog and civil war have made it difficult for aid agencies to reach the remote quake area — leading the Red Cross and the UN to consider dropping aid in by parachute. (AP)

China Declares War on Pollution

BEIJING — China will spend billions of yuan by 2000 to prevent further fouling of its contaminated air and water, and will close heavy polluters despite the economic cost, the country's top environmental official says.

Unreated sewage and waste-water from factories have polluted China's rivers, lakes and coastal waters, killing off fish and leaving the water unfit to drink. China's heavy dependence on coal has made air pollution in its major cities some of the worst to be found anywhere.

China is paying a severe environmental price for its rush for economic development but it hopes to reverse the trend, Xie Zhenhua, minister of the National Environmental Protection Agency, said Thursday. (AP)

Indian Militants Kill 7 Villagers

AGARTALA, India — Suspected tribal militants shot to death at least seven people in the north-eastern Indian state of Tripura on Thursday.

The militants belonging to the outlawed All Tripura Tiger Force shot the seven people in Khowai village, about 120 kilometers from the state capital, Agartala.

They set several houses on fire and when the residents tried to escape, the separatists fired at them, an army official said.

On Wednesday, suspected militants from the same group torched several houses in Urabari, 55 kilometers from Agartala, and killed five people. (Reuters)

Clerics Meet Jiang

BEIJING — Three U.S. clerics aiming to open a dialogue with Chinese authorities on freedom of religion held a meeting Thursday with President Jiang Zemin.

Rabbi Arthur Schneier of New York, the Reverend Don Argue, president of the National Association of Evangelicals, and Archbishop Theodore McCarrick of the Roman Catholic archdiocese of Newark, New Jersey, met with the Chinese leader. (Reuters)

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BRIEFLY

Aid Agencies Plead For Afghan Relief

KUSTAK, Afghanistan — With thousands of homeless people struggling to stay alive in eastern Afghanistan, which was devastated by an earthquake on Feb. 4, the United Nations and the International Red Cross appeal today for \$2.5 million to pay for 10,000 tons of emergency aid.

"We can't mess around here," said Sarah Russell, spokeswoman for the United Nations in Pakistan. "If we don't get that shelter, people will die. We need this money as soon as possible."

Among other pressing needs, workers want to send materials to build temporary lodging for the multitudes who lost their homes in the quake, which destroyed dozens of mountain villages and was reported to have killed at least 200 people.

Damaged roads, snow, fog and civil war have made it difficult for aid agencies to reach the quake area — leading the Red Cross and the UN to consider dropping aid in by parachute.

China Declares War on Pollution

BEIJING — China will set billions of yuan by 2000 to meet further testing of its environment and water, and will close her polluting plants, the state media reported today.

Contaminated sewage and water from factories have polluted China's rivers, lakes and wetlands, killing fish and harming the water supply to some 600 million people, the state media said.

China's growing economy and population have put pressure on the environment, the state media said.

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Indian Militants Kill 7 Villagers

NEW DELHI — Indian police today said that seven villagers were killed and 10 others injured in a militant attack on a village in the state of Jammu and Kashmir.

The attack took place on Thursday, police said.

The militants fired on the villagers from a hillside, and the villagers fled to a nearby village.

The police are searching for the militants.

Clerics Meet Here

BEIJING — Chinese clerics met today in Beijing to discuss the role of religion in society.

The meeting was held at the Chinese People's Association for Religious Affairs.

The clerics discussed the role of religion in society and the need for religious freedom.

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EUROPE

Greece Rejects Call
By Turkey to Talk

ANKARA — Turkey called Thursday for a high-level meeting with Greece to try to resolve disputes in the Aegean Sea, but Athens dismissed the move, saying that it would hold no talks over what it described as Greek territory.

A Turkish Foreign Ministry statement invited Greece to identify problem areas in the Aegean jointly, formalize a set of good-neighbor principles that were agreed to last year and increase confidence-building measures that are supported by the North Atlantic Treaty Organization, two which both countries belong.

To accomplish this, Turkey called for a meeting between the two foreign ministries before April.

In Athens, a government spokesman, Dimitris Reppas, said that the proposal offered nothing new and was aimed at trapping Athens into a full-scale dialogue over Greek ter-

ritory disputed by Turkey. "The proposal aims at a full dialogue which we don't accept," a senior government official said. "There is only one dispute, the Aegean continental shelf, and we said the international court should resolve it."

"They dispute our islands, identify them as problem areas and want a high-level meeting to negotiate our territory," he continued. "This is not only unacceptable but also provocative."

The two countries are at odds over divided Cyprus, minority rights and territorial claims in the Aegean.

Turkey and Greece came close to war in 1996 over an uninhabited islet. Last-minute U.S. intervention averted conflict.

Relations are further fouled by Turkey's failure to achieve European Union membership. Greece, an EU member, has vetoed the payment of hundreds of millions of dollars in aid to Turkey.



IMPORTED INVESTIGATORS — U.S. crime specialists examining on Thursday the armored car that President Eduard Shevardnadze of Georgia was in when assassins tried to kill him by grenade Monday in Tbilisi.

Diana 'Conspiracy'
Distresses Palace

Family Criticizes Al Fayed's Claim

LONDON — Buckingham Palace criticized Mohamed al Fayed on Thursday after the Harrods owner said a conspiracy lurked behind the Princess of Wales, and his son, Dodi.

Mr. al Fayed told the Daily Mirror newspaper that he was "99.9 percent" certain that the crash on Aug. 31 was not an accident.

A Buckingham Palace spokesman said claims of a plot were distressing Diana's relatives.

"It is causing a lot of stress to the family," the spokesman said. "And it's not necessary."

Britain's unending media frenzy over the late princess is troubling both the palace and Diana's mother, Frances Shand Kydd, who fear its impact on Diana's sons, William and Harry.

Mr. al Fayed, an Egyptian-born businessman who has long sought to become a British citizen, did not say who he thought was involved in the alleged conspiracy against his 42-year-old son and the 36-year-old princess.

But he said many figures in the British "establishment" were happy they were killed. "There was a conspiracy and I will not rest until I have established exactly what happened," he was quoted as saying in the Mirror.

"I will find the person who caused this accident," he said. "I believe there were people who did not want Dodi and Diana to be together."

A spokeswoman for Diana's family, the Spencers, noted it was not the first time someone had suggested there had been a plot against the princess.

"There are so many conspiracy theories that we're not commenting on any of them," she said.

In the Arab world, theories abound that Diana was killed because she was about to convert to Islam to wed Dodi.

The police in Paris have said that Henri Paul, an employee of Mr. al Fayed's who was driving the car that crashed, was legally drunk.

Investigators have also found evidence that the car had hit another car before crashing. They are still searching for the mystery car.

Mr. al Fayed told the Mirror that it was too convenient to blame a drunken driver.

Mr. al Fayed said Diana and Dodi had been engaged to marry, adding, "I am sure she had told her children."

He repeated a claim that Diana spoke to a nurse at the hospital during her last hours, and he broke his earlier vow not to reveal what she said.

"Her last words conveyed to me by this nurse were, 'I would like all my possessions in Dodi's apartment to be given to my sister Sarah, including my jewelry and my personal clothes, and please tell her to take care of my boys,'" Mr. al Fayed said.

Doctors who treated Diana during her last hours have said her only words were cries of pain and that she was unconscious for most of the time.

BRIEFLY

Havel in Hospital With Fever

PRAGUE — President Vaclav Havel, plagued by ill health since undergoing cancer surgery more than a year ago, was in satisfactory condition on Thursday after being taken to the hospital with a fever.

Doctors said, however, that they were considering bringing forward a planned operation on the 61-year-old president, who has suffered sporadic bouts of pneumonia, compounded by chronic bronchitis, since his surgery.

Ladislav Spacek, a presidential spokesman, said Mr. Havel's breathing had become more difficult in the right lung, from which a small cancerous tumor was removed in December 1996. (Reuters)

German Police Seek Extremists

JENA, Germany — German prosecutors said Thursday that three rightist extremists were on the run after the discovery of a bomb factory in a garage in the eastern town of Jena.

Police found the explosives late last month while investigating a failed attempt to blow up the town's theater in September, they said.

Arrest warrants for the three extremists, aged between 20 and 24, have been issued. Prosecutors said the three had been on the run since police searched the garage. (Reuters)

Croatia Drops Anti-Serb Decree

ZAGREB, Croatia — The Croatian government annulled a decree on Thursday that permitted the eviction of thousands of Serbs from state-owned apartments in a former enclave, after Western diplomats handed it discriminatory.

"The Croatian government annulled the decree on the use of state-owned apartments in Eastern Slavonia at a cabinet session on Thursday," the news agency Hina said.

The decree, adopted by the government in January, allowed the mainly Croat occupants of the apartments in the Eastern Slavonia enclave, who fled during the Serb-Croat war, to reclaim their property by March 15. (Reuters)

Sinn Fein Insists on Talks Role

BELFAST — Sinn Fein rejected demands for its expulsion from Northern Irish peace talks on Thursday and denied that a truce by its Irish Republican Army ally was over.

"It is my view that the IRA cessation is intact," Gerry Adams, the Sinn Fein leader, said. Pro-British parties have accused the IRA of breaching a cease-fire with two murders this week.

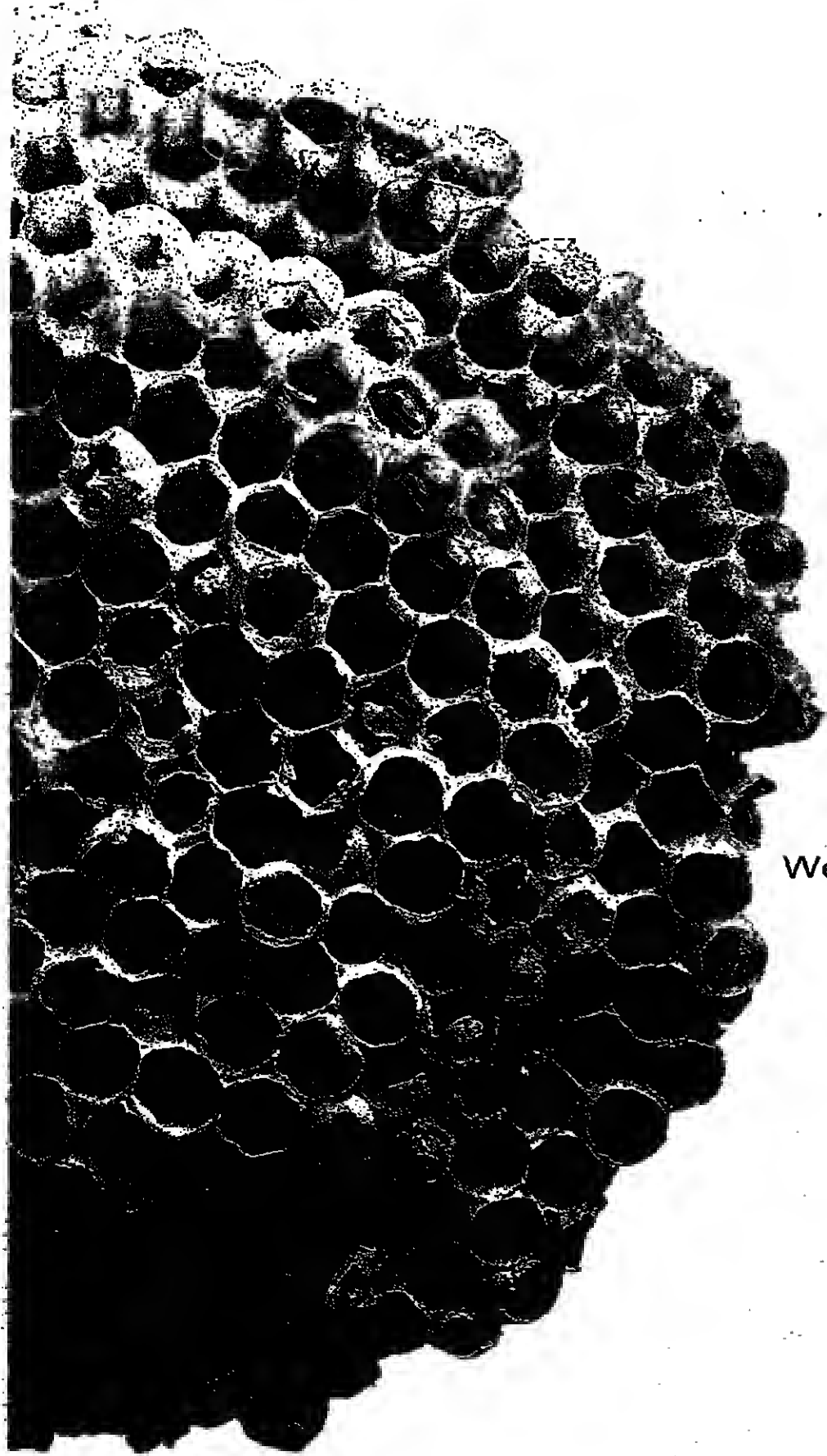
Mr. Adams insisted Sinn Fein's hands were clean and said it must not be thrown out of talks that Britain and Ireland say offer the best prospects of easing strife between pro-British Protestants and pro-Irish Roman Catholics. (Reuters)



Sinn Fein's Gerry Adams speaking on Thursday.

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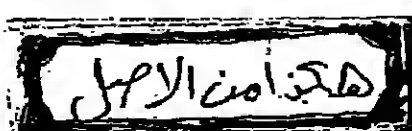
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MIDEAST

Annan Pushing Diplomatic 'Deal' for Iraq

By Craig Turner
and Robin Wright
Los Angeles Times Service

Compromise Would Augment UN Inspectors

UNITED NATIONS, New York — Secretary-General Kofi Annan is seeking a diplomatic compromise in the confrontation with Baghdad that would include augmenting United Nations weapons inspectors in Iraq with diplomats or scientific experts during visits to eight Iraqi "presidential sites," according to sources at the UN.

Mr. Annan has moved to the center of the negotiations as Russian, French, Turkish and Arab efforts to broker a solution have faltered and as the United States and Britain have gathered wider support for a military attack intended to topple President Saddam Hussein into cooperating with UN weapons inspections.

"Kofi is now the wild card," said a senior diplomat at the UN. "He has the idea of a deal, and he's now looking for a way to make it work."

"He's the only one who can do a deal," a French envoy said.

Officials here say that although Mr. Annan has the outline of a resolution in his sights, it remains elusive because of wide disagreement on the details.

"We're walking a tightrope," a UN official said. "It's very narrow, but there is a little room for maneuver, for compromise."

A European diplomat added: "Last week, everyone had his own ideas. There were discussions with the Iraqis and among ourselves. Now those ideas are narrowing."

Mr. Annan met behind closed doors Wednesday with representatives of the five permanent members of the Security Council — the United States, Britain, China, France and Russia — to try to find agreement on a plan to preserve the integrity of the UN effort to weed out Iraq's illegal weapons programs but give Mr. Saddam a face-saving way to back down. The council is the key because it established the inspection program as part of the cease-fire that ended the Gulf

War in 1991. UN insiders said that if Mr. Annan could find ground for a compromise, he was prepared to fly to Baghdad and present it to Mr. Saddam in an attempt to head off a U.S.-led air strike.

The session Wednesday, however, produced only an agreement to resume meeting later in the week.

The plan under discussion entails adding diplomats or scientific experts to the team of arms inspectors who work for the UN Special Commission on Iraq.

Efforts to put together this compromise have been stymied by Iraq's insistence on limiting inspections and making the weapons investigators subservient to the diplomats who would accompany them during investigations of Iraqi "presidential" compounds.

The Iraqis also want to dilute the power of Richard Butler, the Australian disarmament expert who heads the UN inspection program.

Those conditions are unacceptable to

the United States, Britain and France and are contrary to Security Council resolutions that require Iraq to provide unconditional access to any place the inspectors say they need to go to complete their work.

The United States and other council members cannot agree fully on how the new plan would work.

The chief U.S. delegate, Bill Richardson, said the American goal was to ensure that inspectors had the access they needed and to preserve "the integrity and professionalism" of their work. The United States, Britain and France are prepared to add the experts or diplomats to the teams as long as they do not impede the search for illegal arms.

But just who the added personnel might be is a central issue. U.S. and British envoys insist they must come from the five Security Council members.

The dispute focuses on eight presidential compounds, some of which contain hundreds of buildings, that Iraq has declared off-limits to inspectors.

An Iraqi offer Wednesday was immediately rejected by the United States.



Secretary-General Annan, who is pressing for a compromise on Iraq.

It called for a new team of inspectors appointed by Mr. Annan to search the eight sites for 60 days.

"It's not up to Iraq to set the conditions for those inspections," said the White House spokesman, Michael McCurry. "It's up to the United Nations to do the work as the United Nations sees fit."

Gulf Council Blames Iraq For Impasse Over Weapons

By John Lancaster
Washington Post Service

KUWAIT — American efforts to line up Arab support for military action against Iraq has gained ground as Washington's Gulf allies have unanimously blamed Baghdad for its standoff with the United Nations, and Egypt's president has warned that Iraqi defiance of UN arms inspectors could provoke a violent American response.

Foreign ministers of the six-member Gulf Cooperation Council — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates — said after meeting here Wednesday that "the current crisis is a direct result of Baghdad's reluctance to cooperate" with UN efforts to get Iraq to destroy its nuclear, chemical and biological arsenal.

In Cairo, President Hosni Mubarak sounded an ominous tone after meeting with Iraq's foreign minister, Mohammed Said Sahhaf, who along with other Iraqi officials is touring Arab capitals in an effort to head off U.S. air strikes that military officials hinted could begin as early as next week.

"What I fear is, if Iraq does not implement the resolutions, this would lead to a strike, and no one can prevent the United States from doing that," Mr. Mubarak said.

"I have talked to the Iraqi foreign minister and told him that the situation is dangerous and it is important to implement Security Council resolutions to avoid a crisis."

With the possible exception of Kuwait, none of Washington's Arab allies are enthusiastic about the prospect of military action, fearing that anything short of a death blow to the Iraqi government — a goal the Clinton administration has disavowed — will merely prolong the agony of a fellow Arab state.

All have emphasized their desire for a diplomatic solution and are apprehensive that any bombing could inflame Arab public opinion, particularly if Iraq suffers heavy civilian losses.

At the same time, Washington retains great leverage over moderate Arab states, especially Gulf Arab countries for whom U.S. military forces are the principal deterrent against perceived threats from Iran and Iraq.

These conflicting pressures have generated confusion as to the real motives of friendly Arab countries, some of which have publicly condemned the military option even while privately assuring U.S. officials of their support.

During his tour of the region this week, Defense Secretary William Cohen secured varying degrees of cooperation from the Gulf oil monarchies, although only Kuwait and Bahrain have consented to the use of their territory as launching pads for U.S. air strikes.

Kuwaiti leaders, whose hatred of Iraq's president, Saddam Hussein, stems from the 1990 Iraqi invasion, apparently lost little sleep over their decision to permit American military planes at Jaber Air Base here.

"It's not a difficult decision," said a person close to the Kuwaiti emir, Sheikh Jaber al Ahmed as Sabah. "What's difficult is how to deal with Arab public opinion."

But as diplomatic efforts by Russia and the Arab League, among others, have met continued resistance in Baghdad, other Arab governments in the Gulf seem resigned to the inevitability of U.S.-led bombing campaign.

"When D-Day comes, most of the Arabs will be closer" to Kuwait's position, said a European diplomat.

Though far from an endorsement of U.S. military action, the declaration by the Gulf ministers was welcomed by Washington because it explicitly blamed Baghdad for the confrontation.

Iraq says that it has already complied with UN demands to destroy its weapons of mass destruction.

Navy Fliers Ready for a Role in Gulf

By Bradley Graham
Washington Post Service

ABOARD THE U.S.S. GEORGE WASHINGTON — Lieutenant Commander Nick Mongillo, pilot of an F/A-18 fighter for the U.S. Navy, remembers watching enviously as air force colleagues captured the headlines during the 1991 Gulf War, dropping "smart" bombs down chimneys.

All he could drop then were conventional bombs, without advanced technology to guide them to targets.

Now things are different. As the United States prepares for possible strikes against Iraq, U.S. Navy and Marine pilots are set to fly the majority of missions in an operation code-named "Desert Thunder" that will hinge, by all accounts, on precision munitions.

Two factors explain the navy's prominence this time. First, it has improved its weapons and cockpit-targeting systems substantially since the Gulf War, making wide use of laser guidance technology. Second, the air force has been handicapped by Saudi Arabia's resistance to letting U.S. land-based aircraft launch strike missions from its territory.

At the center of any U.S. air assault on Iraq would be the F/A-18 and F-14 fighters on this aircraft carrier and another, the Independence, along with about 250 Tomahawk cruise missiles spread among eight other ships.

Their targets, in the words of General Anthony Zinni, the commander in

charge of all U.S. forces in the Middle East, would be the things that allow Saddam Hussein "to stay in power, threaten his neighbors, threaten the use of weapons of mass destruction."

These would be things like sites for producing or storing chemical or biological weapons, military command bunkers, communication networks and special Republican Guard units that provide security for the Iraqi leaders.

General Zinni said his troops should be ready to strike in a week or so.

"We're ready now," he said, "but there are a few more pieces to put in," referring to deployments of several dozen more aircraft, 2,000 Marines and up to 3,000 army troops.

He said his biggest remaining worry was whether he and his planners had taken into account "every possible reaction" that Iraq could make to an air strike. In this regard, he said, he would welcome contributions from allies of detection and decontamination equipment to guard Kuwait against Iraqi chemical attack. The United States has promised to send more gas masks to Kuwait.

To reduce the risk of killing civilians and to pulverize some of Iraq's best-protected and most-battered facilities, military officials have indicated that air strikes would largely rely on precision-guided weapons, with infrared seekers or TV guidance systems that enable them to be steered to a target.

The navy had relatively few at the time of the Gulf War, but has stocked up

on smart bombs since — including 1,100-pound Walleyes, 1,400-pound SLAMs and 2,000-pound GBU-24s. The two carriers in the Gulf have more smart weapons between them than the six carriers used in the 1991 war, according to navy officials.

"We can go after smaller targets now, pinpointed areas, instead of the broad areas we went after before," Commander Mongillo said. "This time, we have more confidence in our equipment and tactics."

Not only have the navy's bombs and missiles improved. The planes carry more advanced targeting capabilities as well, especially the F-14, whose role before was limited to air-to-air combat. Now it can deliver smart bombs, too, using a laser-guidance system.

For all their progress, though, navy strike aircraft still have limitations in range and bomb weight that make them poor substitutes for bigger air force planes. Nor does the navy have anything to match the radar-evading capabilities of the F-117 stealth jet or the payload of the B-52 bomber.

As the prospect of fighting nears, the pace of flight operations has increased on this nuclear-powered aircraft carrier. Instead of 30 or so flight hours a month, some pilots are spending as many as 40 in the air.

Here, their daily patrols take them over southern Iraq, enforcing a ban that was imposed on Iraqi military flights after the Gulf War.



Jensen Peterson, age 1, waiting for his father, U.S. Air Force Captain Jeff Peterson, at Nellis Air Force Base in Nevada. Captain Peterson's helicopter rescue squadron is being sent to the Gulf for an indefinite stay.

Turks Reportedly in Iraq To Stop Kurdish Refugees

By Stephen Kinzer
New York Times Service

ISTANBUL — About 7,000 Turkish soldiers have crossed into northern Iraq in recent days, according to press accounts here, reportedly to prevent Iraqi Kurds from flooding into Turkey should the United States and its allies attack Iraq. Such an influx occurred after the Gulf War in 1991.

Neither the military command nor the Foreign Ministry would confirm the deployment, but it has been front-page news in the country's best-connected newspapers.

"Seven thousand troops went into northern Iraq yesterday morning," the Istanbul daily Hurriyet reported Wednesday, citing witnesses and military sources.

Another major paper, Sabah, reported: "Although it has not been confirmed, armed units have entered Iraq at several points."

According to the reports, the Turkish cabinet decided over the weekend to establish a 15-kilometer (9-mile) buffer strip inside northern Iraq. The reports say Turkish troops will occupy the strip until the current Iraq crisis is over, forbidding any refugees from entering Turkey.

Senior Turkish officials are divided on how fully to support any bombing campaign against Iraq. The government's attitude will determine whether U.S. bombers are allowed to operate against Iraq from their base at Incirlik, near the Mediterranean city of Adana; the base is under Turkish command.

During the Gulf War, a million refugees, most of them Kurds, fled to Turkey from Iraq to escape what they feared would be postwar reprisals by President Saddam Hussein. Kurdish leaders, encouraged by the United States and other Western powers, had sought unsuccessfully to overthrow Mr. Saddam.

The flood of refugees stirred consciences in the West and led to the establishment of a protected zone in northern Iraq where the central government is forbidden to exercise power. Since then, the zone has dissolved into anarchy, with feuding Kurdish groups unable to establish a functioning administration.

Much to the dismay of Turkish military commanders, the zone has also become a sanctuary from which Kurdish guerrillas stage raids into Turkey. Turkish troops cross into the zone regularly for search-and-destroy operations, leading each time to a round of international condemnation.

Before the Gulf War, Iraq was one of Turkey's major trading partners, and much of southeastern Turkey lived on cross-border trade. After United Nations sanctions were imposed on Iraq, the Turkish region suffered devastating economic losses, and its growing poverty contributed to discontent that fueled the

Kurdish guerrilla movement. Turkey has not been compensated for the billions of dollars it has lost by complying with the sanctions, which it hopes to see ended.

Turkey wants a strong authority imposed in northern Iraq so anti-Turkish guerrillas will no longer be able to hide there. But it is also anxious to prevent the establishment of a Kurdish state in northern Iraq, which it fears might follow a collapse of Mr. Saddam's regime.

Deputy Prime Minister Bulent Ecevit has charged several times in recent days that the United States is secretly planning to divide Iraq and establish a Kurdish state in the north. U.S. officials deny any such plan.

Mr. Ecevit has suggested that he will oppose any move to allow U.S. bombers to operate from Incirlik.

Foreign Minister Ismail Cem, who met with Mr. Saddam in Baghdad last week and urged him to open all sites in his country to UN weapons inspectors, said in an interview that Turkey was an ally of the United States and would "always behave as an ally."

Iraqi Opposition in Disarray And Too Weak to Play a Role

By John Burgess
and David B. Ottaway
Washington Post Service

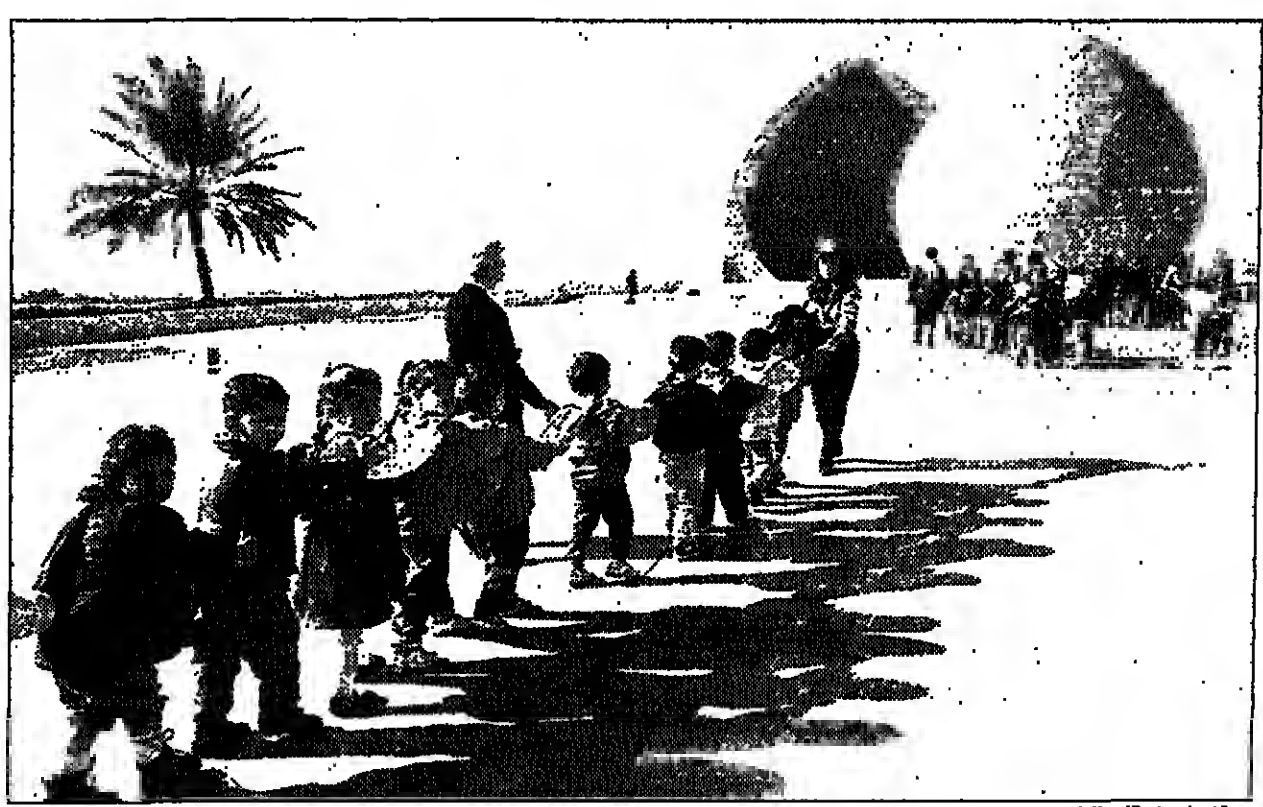
LONDON — Iraqi opposition groups are at one of the lowest points in their history, bit by defections, foreign aid cuts and military operations against them.

One group representing Iraq's Kurdish minority has allied itself with President Saddam Hussein, while another is sending representatives to Baghdad to talk peace. The Iraqi National Congress, formerly the principal U.S. client, has never recovered from a blow that Mr. Saddam's troops delivered to its people in northern Iraq in August 1996.

"There's nothing in place inside Iraq at this time to take advantage of any weakening of Saddam," said Rend Rahim, executive director of the Iraq Foundation, a group based in Washington. "There is nothing prepared to present an alternative to him."

George Jaffe, deputy director of the Royal Institute of International Affairs in London, gave a similar view. "They lack credibility," he said. "None has shown the ability to organize effectively, maintain popularity inside Iraq or create a viable alternative."

Whose fault that is up for debate. Dissidents contend that the United States and other foreign countries helped marginalize them by cutting back support. "What we lack now is resources,"



Iraqi children arriving Thursday to visit a monument in Baghdad that commemorates an American raid in 1991.

'Dire Consequences' Foreseen by Iraqi

Reuters

CAIRO — The Iraqi foreign minister, Mohammed Said Sahhaf, said Thursday that any U.S. military strike against his country would result in "dire consequences" to the region and the United States.

"We are coordinating with our Arab brothers to be in the best position to make the Americans see not only the seriousness of their foolishness by using force against Iraq, but also the dire consequences not only to the region and to Iraq but also to them," Mr. Sahhaf said.

"They should know it is not a picnic," he said, referring to the Americans. He spoke after he met with the Arab League's secretary-general, Esmat Abdel Meguid, in Cairo.

The dominant view in Washington and London is that Mr. Saddam is unlikely to fall to a popular uprising. "We think the most likely way that change will come about is from the inside, from the circle around Saddam," an American official said.

Dissidents say that even that goal will not be served by current U.S. policy. "What is the probable outcome of these air strikes? Just death and destruction," Mr. Chalabi said. "Saddam will make sure thousands of people will die. The U.S. will be branded as baby-killers."

For Tehran, the Best of Times

It Looks On Happily as Its 2 Biggest Enemies Prepare to Fight

By Elaine Sciolino
New York Times Service

WASHINGTON — As Iran celebrates the 19th anniversary of its Islamic revolution, it finds itself in a win-win situation, watching from the sidelines as its two worst enemies, the United States and Iraq, are poised for conflict.

Since the most recent crisis between Washington and Baghdad erupted a few weeks ago, Iran has stayed out of their way. It gains the most by neither exploiting Iraq's weak position nor joining with it against the United States, but by letting the crisis run its course.

Officially, Iran has announced its opposition to possible U.S. military action against Iraq, which inevitably would have to take place close to Iran's shoreline.

But Iran can watch with satisfaction if U.S. bombs severely damage Iraq's remaining military capability — a goal that the Iranians failed to accomplish in their war with Iraq from 1980 to 1988.

President Mohammed Khatami of Iran, who is also the president of the 55-country Organization of the Islamic Conference, is trying to use the crisis to bolster his standing with his Arab neighbors and portray himself as a regional statesman calling for peace.

"As president of the Organization of the Islamic Conference, I call on the countries and international organizations to make every effort to prevent a great human tragedy in Iraq," he said in

an anniversary speech Wednesday to tens of thousands of people who gathered during a heavy snowstorm in subzero weather in one of Tehran's main squares.

Iran has also put itself squarely behind the United Nations, demanding that Iraq adhere to Security Council resolutions that require unrestricted inspections of its military installations.

One big disadvantage for Iran is the buildup of U.S. forces in the Gulf. Iran has long condemned the U.S. military presence, calling it destabilizing meddling along the Iranian coastline.

And U.S. bombing of Iraq could give ammunition to Mr. Khatami's enemies, who oppose his efforts to reach out to the United States.

Even Mr. Khatami, however, has blamed the United States for most of Iran's problems, and a military strike that resulted in high civilian casualties could be interpreted as a warning of sorts that Iran could be next.

On Wednesday, the anniversary of the Islamic revolution of 1979, Mr. Khatami reaffirmed Iran's view that the Gulf was Iran's domain and the presence of foreign forces was unacceptable.

"The foreign presence in the region is the cause of tension and it is an insult to the nations of the region," he said.

"Iraq may be attacked at any moment. We strongly condemn any attack on Iraq that would harm the Iraqi people, but we call on the Iraqi government to submit to all international laws and resolutions."

INTERNATIONAL

Peru Is Accused of Coercing Poor Women to Be Sterilized

By Anthony Faiola
Washington Post Service

LIMA — Mounting evidence that the Peruvian government's family-planning program is employing coercion, misadvice or promises of food to persuade poor women to undergo sterilization has prompted public outcry and calls for an official investigation.

The heart of the issue is whether the government, in an effort to curb population growth, is using a quota system that offers public health doctors promotions in exchange for persuading poor rural women — who are often illiterate and speak only local Indian languages — to be sterilized. Many also are charging that doctors, in the rush to meet the alleged quotas, are operating in unsanitary conditions that reportedly have caused at least two deaths.

There are four official inquiries under way, including one by a U.S. congressional committee seeking to find out if U.S. Agency for International Development money was used unwittingly in the sterilization campaign.

"I don't think there is any question that women in Peru, especially very poor mestizo women, have been misled into having sterilizations, and that, in some cases, they were lied to, or offered food, in exchange for having a sterilization procedure," said Joseph Rees, chief of the U.S. congressional subcommittee on international and human rights operations, which issued a 20-page report Thursday. The Peruvian government, which started the public sterilization campaign in 1995 and has since seen the number of participants almost triple, to 110,000 in 1997, is seeking to reduce the national birth rate

— and consequently to increase the gross domestic product, many say.

Officials argue that they have set "goals" and not quotas, and then only for budgetary planning. Supporters of the program say the vast majority of the women undergoing the operation are doing so of their own free will, and they blame the religious right for opposition based on theological grounds.

"We want to emphasize that there is no campaign on behalf of the Ministry of Health to give priority to a single method of family planning," Health Minister Marino Costa Bauer told the Peruvian Congress. He said, "We are not executing a massive sterilization campaign."

Nevertheless, the Health Ministry is starting its own probe, with the assistance of the World Health Organization, because health officials want to determine whether doctors in the countryside

have taken the ministry's goals too seriously.

"We want to find out the validity of the claims that are being made, but we believe the valid complaints are very limited," said William Toro Cabrera, a physician and president of the government's Committee of Family Reproductive Health.

But evidence suggesting that a quota system does exist is contained in an internal government document that outlines "credits" given to public health doctors for the number of women they sterilize annually. Those credits apparently were taken into account when evaluating whether doctors would be promoted or retained for government employment, according to those close to the various investigations.

The document, published in the Peruvian newspaper *El Comercio*, was dis-

tributed to doctors in Huancavelica, a very poor rural region in Peru.

According to human rights groups, several women — mainly Indians from small towns in the countryside — also have come forward to complain after undergoing sterilization.

One woman, Victoria Vigo Espinoza, 35, from the northern city of Piura, told investigators that she was sterilized by doctors without her permission after giving birth in a local hospital. Another woman, Mauro Castillo Nole, 25, who lives near the same northern city, said she was offered monthly shipments of food in exchange for sterilization — an offer she accepted.

Mr. Rees said the congressional committee was looking into whether money from USAID was diverted, probably through local nongovernmental organizations, to aid the sterilization program.

BRIEFLY

Plane Crash Kills High Sudan Aide

KHARTOUM, Sudan — A plane carrying Sudanese military and political leaders crashed in fog Thursday, killing the vice president, Major General Zubair Mohammed Saleh, a key leader in the country's Islamic government.

The rebel Sudan People's Liberation Army said the plane was shot down by its forces.

"It was not a crash," Justin Yaac, spokesman for the group's political wing, said in Khartoum. He said the plane was headed for Juba, in southern Sudan, "and when it was in an area we control we shot it down." The claim could not be independently confirmed.

The government said that at least seven others aboard were killed when the military plane crashed as it prepared to land at Al Nasir in southern Sudan. (AP, Reuters)

Incident in Gaza

GAZA — Israeli soldiers and Palestinian policemen pointed guns at each other and exchanged punches on Thursday in a confrontation in the Gaza Strip, a senior Palestinian police officer and Arab witnesses said.

Lieutenant Colonel Khaled Abi Oula said Jewish settlers, guarded by more than 70 Israeli soldiers, took over a plot of land claimed by a Palestinian family near the settlement of Neve Dekalim, in the southern Gaza Strip. Colonel Abi Oula said Israeli troops in a joint patrol with Palestinian police "pointed their guns at us and a fistfight broke out."

An Israeli military source said the confrontation started after dozens of Palestinians tried to tear down a fence around "a plot of land owned by an Israeli" near Neve Dekalim.

The Israeli source said the army took a grave view of the incident since the Palestinians and Israelis were in a joint patrol. (Reuters)

Fighting Reported On Rebel Island

MORONI, Comoros — Fighting erupted on the breakaway Comoro island of Nzwani, the former Anjouan, after rebels attempted to arrest a former Comoros prime minister they suspected of plotting to end their secession.

Witnesses arriving from the island on Thursday said there had been many casualties but that Mohammed Abdou Madi — who was briefly prime minister in the early 1970s — had so far evaded capture. (Reuters)

San Diego Gang Charged in Killing

MEXICO CITY — A federal grand jury in California has indicted 10 San Diego street gang members on charges of serving as paid killers and traffickers for one of Mexico's most powerful drug cartels and has implicated most of them in the 1993 slaying of a Roman Catholic cardinal in Mexico.

The indictments, unsealed this week, are part of a concerted crackdown by U.S. law enforcement officials against Hispanic gangs in and around San Diego that have become cross-border arms of the powerful Tijuana drug cartel controlled by the Arellano Felix family — one of Mexico's largest and most violent trafficking organizations.

U.S. officials also confirmed that some members of the Arellano Felix family had sought refuge in California and could still be in the United States.

The indictments charge that 10 young men acted as bodyguards for Arellano Felix operatives and participated in missions to secure the family's control over drug trafficking along the border. (WP)

RUSSIA: Sale to Iraq Under Suspicion

Continued from Page 1

ben, raised the issue in discussions in Moscow with members of the Russian Parliament on Thursday and that he intended to raise it with his Russian counterpart, Igor Sergeyev.

The purported evidence of an illicit deal is one element of a close collaboration between Moscow and Baghdad on matters of interest to the United Nations Special Commission on Iraq, the group authorized by the Security Council to eliminate Iraq's capability to make weapons of mass destruction, according to the sources.

U.S. intelligence agencies have privately warned UN officials that Russian intelligence operatives are spying on the commission and its personnel in New York and overseas, the sources said. They have further warned that the Russian spy agency may have passed some of the information it collects directly to Iraq.

Several American officials confirmed Wednesday that the FBI was aware of the Russian intelligence operation. A spokesman for the Russian mission to the United Nations, Kirill Speransky, declined to comment, saying, "We usually do not comment on any information concerning intelligence activities."

He denied that Moscow had evaded sanctions against Iraq.

U.S. officials say that Russia has tried to block specific visits by the UN commission to sensitive sites in Iraq, for reasons that remain unclear. In addition, Moscow has successfully put pressure on a Russian specialist on ballistic missiles and chemical weapons, Nikita Sridovitch, to stop leading some of the commission's most sensitive inspections, the sources said.

One foreign diplomat, who asked not to be identified, said, "People are suspicious that there really is some reason they don't want us to find stuff out."

A detailed investigation by the commission of Iraq's purchase of missile gyroscopes from Russia in 1995, in violation of UN sanctions, has produced evidence that well-established Russian defense companies with major links to the government were involved in that transaction — not just corrupt middlemen or brokers, as Moscow contended.

Such evidence has stoked concern

that, at a minimum, the Russian government has looked the other way when sensitive or illicit transactions have occurred. "Is it just that Moscow has no export controls, no customs inspections and no law enforcement? Or is Russia willfully trying to help Iraq? The truth probably lies somewhere in the middle," a senior U.S. intelligence official said.

Since October, when Iraq announced that it would no longer accept the UN inspection procedures that had been in place since 1992, Foreign Minister Yevgeny Primakov and other senior Russian officials have been urging the Security Council to adopt less stringent rules. Iraq has accused American members of the UN inspection teams of spying for the United States, a charge denied by the UN and the Clinton administration.

In some cases, Moscow has made little effort to conceal efforts to learn what the commission is doing and to influence the scope and timing of certain sensitive inspections, according to sources.

In the summer of 1996, for example, a team of inspectors retreated to a remote English town for a training exercise to prepare for a surprise visit to a highly sensitive Iraqi site. After checking into a local hotel, an inspector recognized a Russian official who was later identified as the London resident for the Russian foreign intelligence service, according to three sources.

Each night, the official was observed attempting to debrief Russian members of the inspection team, the sources said. When inspectors eventually tried to reach the site targeted by the commission, they were blocked by Iraqi military forces.

In another incident cited by several sources, commission officials in charge of another highly sensitive inspection in March 1996 deliberately disseminated false information to members of their own team about which Iraqi site they had targeted. Shortly afterward, a Russian political counselor in New York, Genadi Gatilov, who is now Moscow's chief expert in New York on commission matters, approached a senior commission official to complain that inspecting that site would be highly disruptive.

Mr. Gatilov further threatened that if the inspection went forward, Moscow would oppose implementation of a UN plan for



Defense Minister Igor Sergeyev of Russia, left, welcoming William Cohen, the U.S. secretary of defense, before talks Thursday in Moscow.

long-term routine monitoring of imports and exports to Iraq related to weapons of mass destruction — a threat that commission officials ignored, sources said.

According to several accounts of the 1995 Iraqi document, negotiations between the two countries were conducted in both capitals by official delegations. In April 1995, UN officials privately informed diplomats from Russia and other countries of their suspicion that a single-cell protein plant, at a site known as Al Hakam, was at the center of Iraq's germ warfare program. On July 1, the Iraqi government publicly admitted producing "tons of anthrax and botulinum toxin at Al Hakam. The Iraqi officials who participated in the negotiations with Moscow were from Al Hakam, according to the sources. The commission's former chairman, Rolf Ekeus, who is now

Sweden's ambassador to the United States, said he believed that Mr. Primakov had been working closely with Iraq partly because Moscow had "a dream to come back and play a much more influential role" in the Middle East.

In addition, Mr. Ekeus said, Mr. Primakov and Deputy Prime Minister Tariq Aziz of Iraq have become close friends. Every proposal by Mr. Primakov is recognizable as having been prepared by Mr. Aziz, Mr. Ekeus said. They match Iraq's ideas "almost word by word, many times," he said.

Senior Russian diplomats have privately told UN officials and U.S. diplomats that Moscow wants a withdrawal of economic sanctions on Iraq soon so Baghdad can sell enough oil to repay an \$8 billion debt for its purchases of Russian military equipment before the Gulf War in 1991.

IRAQ: Russia Scolds U.S.

Continued from Page 1

was that by attacking stocks of chemical weapons in Iraq, U.S. forces would send a cloud of contamination over Central Asia.

"That would hurt our relations," Mr. Sergeyev said. "That would set our relations back many years. We have no common borders with Iraq, but with chemical weapons that doesn't matter."

The U.S. secretary of state, meanwhile, responding to congressional calls for a clearer policy on Iraq, said in Washington that the long-range goal for the United States was to remove Mr. Saddam as president, but not with American combat troops.

"Iraq would be better off without Saddam Hussein," Secretary of State Madeleine Albright said.

Mrs. Albright testified before the House International Affairs Committee in a hearing that was marked by demands for a policy that went beyond a threat to bomb Iraqi biological and chemical weapons sites.

The panel's chairman, Representative Benjamin Gilman, proposed U.S. recognition of a democratic opposition. The panel's senior Democrat, Lee Hamilton, said he supported using force against Iraq but also wanted an "alternative policy" to undercut Mr. Saddam's government.

Mrs. Albright said the administration was seeking effective ways to support opposition factions but hesitated to discuss them at the open hearing.

Support for the administration continued to erode in the Senate. Citing a "total lack of confidence" in the Clinton administration, Senator Slade Gorton, Republican of Washington, said Thursday that he had withdrawn his support for a congressional resolution backing a possible attack on Iraq.

"It is quite clear that if the Clinton administration does something militarily, it will do it inadequately," he said.

Two Democrats, Senators Patrick Leahy of Vermont and Ernest Hollings of South Carolina, earlier dropped their support for the resolution. (Reuters, AP)

ALLIES: European Patchwork

Continued from Page 1

approval to a statement that their country had more in common with America than the rest of Europe.

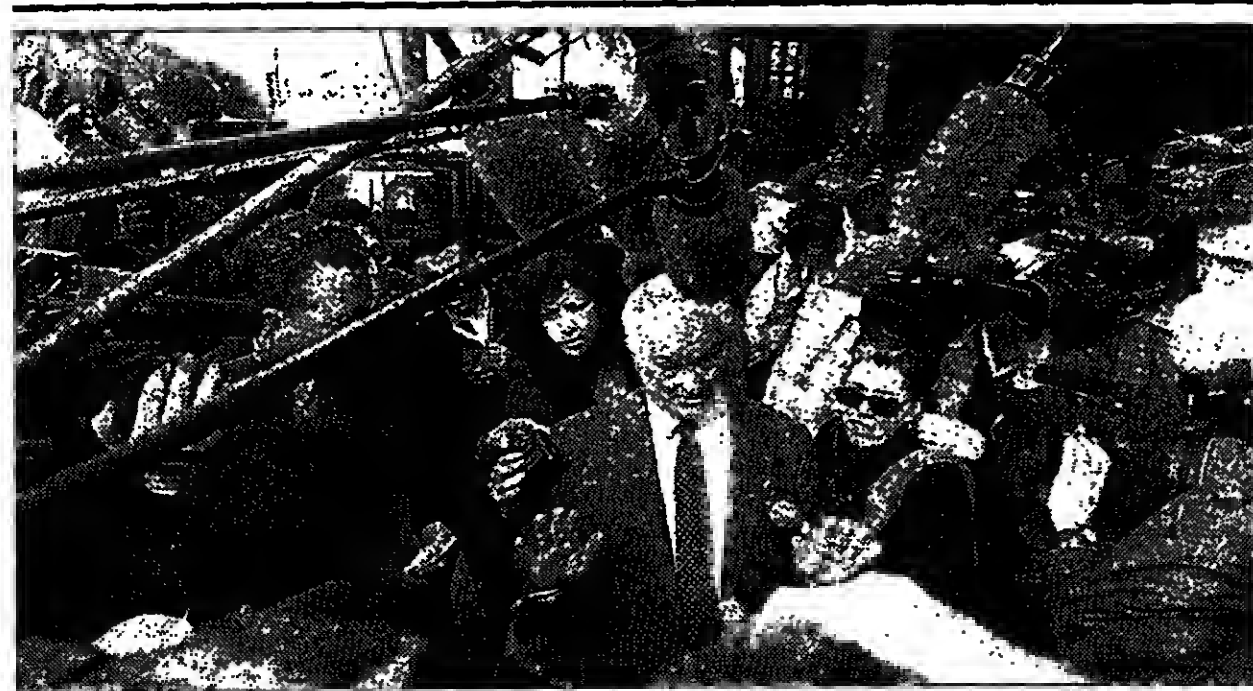
In terms of practical policy-making among his European Union counterparts, Prime Minister Tony Blair's attention-seeking bear hug of American preparations to strike Iraq contradicted his goal of turning Britain into Europe's leader. His approach was anchored in a world that has little to do with the doubly cautious one of the Italian cabinet minister who resorted Wednesday to a double negative to say that he thought it was not possible for Italy not to allow U.S. aircraft to support operations against Iraq from their Italian bases.

Once Italy made its willingness to cooperate less unclear, France was on its own within Europe in terms of keeping its distance from joining with the United States. Officials in Paris defined the essential difference in the French attitude as one not sharing the military "hypothesis" as long as it felt that trying to convince Mr. Saddam to open up to the UN inspections remained reasonable.

A European official said he saw this line as holding only minimal appeal for other European countries and little sustainability for France itself. The potential yield from the Arab world was questionable, he said, and being seen by the Arabs as isolated within Europe and in the West in general further undermined this reasoning. There was no desirability either, the official insisted, in lining up with France alongside positions held by the Russia of President Boris Yeltsin, or in the systematic French attempt to hold the United States at arm's length.

In Germany, the response was also a very national one. Perhaps recollecting sharp criticism during the Gulf War about Germany's reticence in taking a stand, Chancellor Helmut Kohl labeled Mr. Saddam a criminal and offered the United States full support short of any kind of military participation. In the context of Iraq's missile attacks in 1991, the chancellor also expressed what he said was Germany's historic concern and involvement in the welfare of Israel.

Insofar as his position could create dissension and discomfort within the Social Democratic Party, this was good domestic politics by Mr. Kohl. But it was domestic politics by the stuff of European light years and very much the status quo leadership, and very much the German inclination concerning the absence of German military motives, projection of German military force, or a clear demarcation from American policy objectives.



Lewis Fox, a retired Secret Service officer, entering a Washington court Thursday where the grand jury sits.

AGENTS: The Secret Service Is New Front of Starr Investigation

Continued from Page 1

and Treasury departments and "indicated that our preference is for them to handle that in ways that they determine are in the best interests of fulfilling their mission related to protective services."

Mr. McCurry added: "I think, in a sense, they said, 'You know, keep us informed, if there's anything that we should know of, but we really would prefer that you make it your call on how you proceed on that matter.'"

Treasury and Justice lawyers are not arguing that members of the Secret Service are protected by executive privilege. Instead, they are trying to carve out a new privilege, arguing that the president's life could ultimately be endangered if he kept his protective detail at a distance out of concern that the agents could be called to reveal conversations or meetings they might witness.

Attorney General Janet Reno, in consultation with Treasury Secretary Robert Rubin, will decide whether to argue in court to quash the subpoenas, officials said.

[Ms. Reno said Thursday that no decision had been made on whether to fight the subpoena, The AP reported.]

"Obviously we will try to work with everybody concerned. I don't know what the resolution will be," Ms. Reno

said. She said the question of ensuring security and safety of the president is among the issues being considered.]

If government lawyers move to quash the subpoenas, they have a single, slim ruling to point to: Late last month, the federal judge presiding over the Jones trial quashed an effort by her lawyers to subpoena hundreds of Secret Service agents.

The judge, Susan Webber Wright, agreed with the president's lawyers that such testimony could "provide those with hostile intent toward the president with important information to use in piercing the Secret Service's protection."

Federal courts in Washington are not bound by Judge Wright's order, and she said she was not establishing a new legal privilege for the Secret Service.

Never before, officials say, have subpoenas been issued for testimony about what agents heard a president say, or activities they saw as they protected him.

"If the agents who are currently employed are subpoenaed, this is privileged information," said P. Hamilton Brown, executive secretary of the Association of Former Agents of the U.S. Secret Service. "If I were subpoenaed I'd give him my name and remain mute, and let the courts fight this thing out."

Thursday that Mr. Clinton asked a uniformed officer of the Secret Service posted outside the Oval Office to usher Monica Lewinsky in on a weekend afternoon in late 1995, and that the president and the young intern spent at least 40 minutes alone.

The retired officer, Lewis Fox, made no mention of such an encounter in interviews published and broadcast last week. In those interviews, with a local newspaper near his home in southwestern Pennsylvania and with a Pittsburgh television station, he described Ms. Lewinsky's visits to the Oval Office as private transactions between an aide bearing documents and a president receiving them.

[Mr. Fox appeared briefly in the courthouse where the grand jury met Thursday morning and had no comment as he left. It was not known whether he was questioned before the grand jury, The AP reported. One source told Reuters that Mr. Fox did not testify, but had been told to return next week.]

Mr. Brown, the former Secret Service agent, said that Mr. Fox was a uniformed officer, who would only guard the Oval Office "when it's empty."

"When the office is empty there is a uniformed officer there," the 20-year veteran said. "When the office is occupied there is an agent there."

CLINTON: Starr's Tough Tactics

Continued from Page 1

temoon Wednesday that a nurse was summoned.

Ms. Lewis appeared red-eyed, shaken and pale when she left the federal courthouse building, and was escorted by court security officers but walked without aid.

Her extended appearance delayed testimony by Ms. Lewinsky, who left her father's Los Angeles home on Thursday to return to Washington.

Mr. Ginsburg used unusually sharp language in criticizing Mr. Starr's decision to force Ms. Lewis to appear before the grand jury. "They're putting all kinds of pressure on her, and stress," he told the Los Angeles Times. "It's her daughter. For God's sake, it's her daughter. Disgraceful. It's disgraceful."

Ms. Lewis's appearance lasted far longer than expected, in part apparently because she had to step out of the grand jury room frequently to compose herself and consult with her attorney. A witness is not permitted to bring an attorney into the grand jury room but may step outside at will for consultation.

Mr. Ginsburg said Ms. Lewis's appearance before prosecutors and the 23-member jury, which meets behind closed doors, was "more than rough and tough."

In a statement issued later, Ms. Lewis's lawyer, Billy Martin, said: "She was unable to complete her testimony, and her obligation to testify continues. As you can imagine, this is a very emotionally draining and difficult time for my client."

Even prosecutorial staff left the afternoon session Wednesday looking somber and subdued, reporters said.

Ms. Lewis, who uses a shortened version of her former husband's name, had sought to quash the grand jury subpoena but was compelled to testify.

Parents can be compelled to testify against their children, unlike spouses. Legal experts say, however, that to compel a mother to testify against a daughter in a case involving sexual allegations, as opposed to far more serious crimes like murder, is highly unusual.

Ms. Lewis's fiancé, R. Peter Straus, a newspaper and radio station owner in New York, told The New York Times that she was "plenty bruised" by the ordeal.

Mr. Clinton, meanwhile, continued to stick to his normal schedule. He received a standing ovation when he spoke to a group of congressional Democrats on Capitol Hill. Later, his motorcade passed before the federal courthouse,

where reporters and cameramen were gathered.

Ms. Lewis's testimony would be of great interest to prosecutors because of what is said to be her exceptionally close relationship with her daughter.

Prosecutors wanted to ask Ms. Lewis how much Ms. Lewinsky had told her about the alleged affair she had with Mr. Clinton, and about reported requests by him or his friend Vernon Jordan that she lie about it under oath in the Paula Jones sexual harassment suit against Mr. Clinton.

Ms. Lewis reportedly was a party to secretly taped discussions about ways in which a friend of Ms. Lewinsky's, Linda Tripp, could mislead or avoid lawyers in the Jones case. It was Ms. Tripp who taped the discussions and set up a meeting with Ms. Lewinsky at a Virginia bar that federal agents tape-recorded.

When agents intercepted Ms. Lewinsky at that bar on Jan. 16 and questioned her, she immediately called her mother, who took a train from New York to join her daughter.

Lawyers for Ms. Lewinsky have now filed motions with the chief federal District Court judge here, Norma Holloway Johnson. One motion seeks to quash the subpoena calling for Ms. Lewinsky's testimony. A similar motion on behalf of her mother was rejected.

The other asked Judge Johnson to enforce what Mr. Ginsburg maintains is an agreement with Mr. Starr on immunity for Ms. Lewinsky. Mr. Starr has said there was no enforceable agreement.

Mr. Ginsburg has said that a possibility remains of an immunity agreement.

EDITORIALS/OPINION

Herald Tribune

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The China Connection

At least six persons who together funneled millions of dollars to President Bill Clinton's re-election campaign or to the Democratic Party had close ties to the Chinese government or its intelligence agencies. That, at least, is the conclusion of Republican senators who investigated alleged campaign finance abuses in the 1996 election, according to an account in Tuesday's Washington Post based on a Senate draft report.

The draft report maintains that there was "a broad array of Chinese efforts designed to influence U.S. policies and elections through, among other means, financing election campaigns." By law, foreigners are not permitted to make political donations.

The first thing to be said about these allegations is that they are, for the moment, only that, allegations. During long months of Senate committee hearings, no evidence was presented to support them, and apparently little or no evidence is presented in the Republicans' final report. This dearth of detail, we are told, is unfortunate but necessary to protect CIA and FBI sources and methods. But these are damaging charges to level against the six individuals, some of whom are U.S. citizens. And it is just as important not to demonize an entire country based on unproven allegations. There is plenty to criticize in China today without jumping to unproven conclusions.

The second thing to be said is that these are serious allegations. Many governments attempt to influence U.S. policy by paying lobbyists, financing trips and other means. If properly disclosed, these are perfectly legal. But if China embarked on a plan to covertly influence U.S. policy, using agents who concealed their ties to the Chinese government, that is a very different matter. If the charges are not true, one would expect the Chinese government to be more forthcoming in providing information and locating witnesses to

rebut them — but Beijing refused to cooperate with the Senate investigation. And one would certainly expect the administration to make it a priority, both as a law enforcement and foreign policy concern, to find out whether the charges are true.

What remains somewhat mystifying is what the Chinese may have hoped to buy. If indeed they planned to funnel \$3 million to U.S. politicians, as alleged, it is not clear that they had any reason to fear that Bob Dole would have been less friendly to their interests than Bill Clinton. But it may be that, like many American donors, they simply wanted access to those in power. There is no question that people such as James R. Liao, John Huang and Yuh Lin "Charlie" Tzeng enjoyed unusual access to the White House and its occupants, in large part thanks to their fund-raising prowess.

If the allegations of connections to Chinese agencies are correct, then the casual way in which these individuals seemed to enjoy the run of the White House raises troubling questions of security. And there is no question, either, that these individuals represented a particular point of view when it came to U.S. policy toward China — namely, that U.S. objections to China's proliferation policies, human rights abuses or unfair trade practices should not stand in the way of smooth U.S.-Chinese relations.

This is above all an American problem, not a Chinese one. The "For Sale" sign that so many donors thought they read on the White House door was written in English, not in Chinese, and plenty of American donors found that they could buy access, too. While the Justice Department should scrupulously investigate the charges of covert influence-buying, Congress should be changing the system to make access less of a purchasable commodity.

—THE WASHINGTON POST.

Israel for All Jews

After months of wrangling, the best efforts by a special cabinet committee in Israel to resolve a rancorous dispute over "who is a Jew" have collapsed. As a result, Reform and Conservative Jews plan to resume their campaign to break the Orthodox rabbinate's monopoly over conversions and other rites in Israel. It is unfortunate, although perhaps not surprising, that Orthodox Jews refused to compromise with non-Orthodox branches of Judaism over whose rites will remain binding. But now, in the absence of an accord, the government should assure that Israel maintains its identity as a homeland for all Jews, Orthodox and non-Orthodox alike.

Since the founding of Israel 50 years ago, the Chief Rabbinate Council, an Orthodox body, has had sole power over conversions within the country. Lately, however, that policy has relegated thousands of immigrants to second-class citizenship. Immigrants who are children of mixed marriages, non-Jewish spouses or in some other category not recognized as Jewish under Orthodox law may not marry or be buried in a Jewish cemetery in Israel, or even own certain property, unless they convert.

For immigrants choosing to convert, the only means available in Israel are run by Orthodox authorities, which require converts to adhere to stringent Orthodox principles. Most Jews by birth in Israel do not themselves observe such standards, yet they qualify for marriage, burial and other rights. Understandably, many immigrants feel that they should be allowed to convert under the non-Orthodox auspices. Many Israelis also want non-Orthodox rabbis to conduct marriages.

The Reform and Conservative Jews

have gone to court to establish their rights over conversions. Since the Orthodox monopoly is enshrined in tradition but not law, the non-Orthodox challengers are expected to win.

The current crisis was precipitated when the Orthodox establishment vowed to win passage of legislation invalidating Reform and Conservative conversions. That prospect set off alarms among non-Orthodox Jews around the world, prompting Prime Minister Benjamin Netanyahu to ask his finance minister, Yaaqov Neeman, to try to broker a compromise.

Mr. Neeman managed to persuade Reform and Conservative Jews to make major concessions, notably by agreeing to let the conversions themselves remain in the hands of the Orthodox establishment if Orthodox rabbis would participate with non-Orthodox counterparts in an institute to prepare people for the conversion rites. In going along, non-Orthodox Jews hoped to gain some legitimacy from the Orthodox establishment, leading eventually to a more flexible approach on the conversion issue.

But those hopes were wrecked this week when the Chief Rabbinate ruled out a compromise.

The Orthodox rejection may backfire. Partly because of the outcry among American Jews, there may not be enough votes in Parliament to pass the law pushed by Orthodox Jews retaining their monopoly over conversions. That is a welcome development. No nation, least of all Israel, should discriminate against a religious minority. Only by embracing a spirit of tolerance can Israel remain a beacon to Jews everywhere.

—THE NEW YORK TIMES.

Other Comment

Diplomacy Isn't Enough

The central issue here is not something that can be responsibly resolved by the give and take of diplomacy. Saddam Hussein continues to defy UN demands that he give up all of his terror weapons, and so he remains an international menace. That is the bedrock issue that cannot be compromised or finessed.

President Clinton's approach deserves bipartisan backing, and certainly it merits far more support than it has received from fair-weather friends

abroad. Only the British are actively preparing to take part, although Canada and Germany have offered "support."

It is not a plan based on inflated expectations. Saddam Hussein, along with a lot of his chemical and biological weapon programs, probably would survive the assaults being readied. But many of his weapon sites would be destroyed, and the foundations of his rule and support could be further eroded. That may be less than ideal, but most things in this world are.

—Los Angeles Times.

Disaster Ahead — Rethink and Slow Down on Iraq

By Flora Lewis

PARIS — It is the terrifying feeling of watching a disaster about to happen and not seeing how to stop it. Washington has maneuvered itself into the dreadful position on Iraq where anything it may do is bad, and doing nothing is worse.

The "substantial" aerial attacks planned for the middle of this month have now been put off for a couple of weeks. Ostensibly it is to honor the "Olympic truce" while the Games go on in Nagano, but more realistically it is because the United States is still trying to line up diplomatic support for massive bombing, with less success than it is claiming.

Unless somehow Saddam Hussein agrees to back down on complete, unlimited arms inspection demands, unlikely because he thrives on crisis and doesn't care if his people suffer, Washington will carry out its threat.

But it is clear that the military action envisaged will not achieve its stated purpose, to destroy Iraq's chemical, biological and missile warfare capacity and assure that it will not be rebuilt.

Acknowledging that, some American politicians, including House Speaker Newt Gingrich and right-wing commentators, are urging a land invasion. They talk of 100,000 troops, but if it took 500,000 to liberate little Kuwait, that is clearly an illusion. And Ameri-

ca really doesn't want to conquer Iraq. Excessive threats and inflated, unsubstantiated warnings about the devastation Iraq can cause if it is not stopped right away got Washington into the current box. It is the legacy of more than a decade of bad judgment and mismanaged policy toward Baghdad, and most especially of the irresponsible way President George Bush ended the Gulf War in 1991.

Driving on to occupy Baghdad and overturn Saddam would have been a terrible mistake. But it was not the only alternative, as so many seem to think. There were many other possibilities to destroy Iraq's military resources and undermine the regime.

It was the first time in military history since the biblical battle of Jericho that a cease-fire applied only to the victor, not the vanquished. Saddam was allowed to rescue his helicopters and use his untouched Republican Guard to put down the Shiite uprising in the south, and when that was achieved to send them north against the Kurds.

Intervention came only a couple of months later, thanks to CNN focusing on the desperate plight of refugees, and Turkey wanting them to go home. But while they were protected by the "no-

fly zone," the Kurdish factions fell to quarreling, and the CIA completely mishandled the situation.

It urged the Iraqi opposition to resist Saddam and then betrayed them, in its worst fiasco since the Bay of Pigs. Some 2,000 Iraqis exposed to retribution (nobody knows how many were killed) were eventually evacuated to Guam, where they were kept incommunicado at the big U.S. base until after the 1996 presidential election.

With the exception of a fine ABC documentary last summer which nonetheless still failed to probe the why of U.S. operations, there was no outcry, no congressional or serious press investigation. The most telling disclosure of ABC's program came from former National Security Adviser Brent Scowcroft, who said Washington wanted to provoke a military coup against Saddam, not to risk a different regime.

Saudi Arabia, with its fears of overthrowing an Arab regime or possibly dismantling an Arab state, its concern that some autonomy for southern Iraqi Shiites would inspire similar demands from the Shiite majority in its eastern oil province, has been a weighty influence on Washington all along.

If it is talking now about use of Saudi bases to attack Iraq, it is not for love of Saddam but because of these

fears plus the certainty of popular outrage. Practically all states, including the Arabs, want to see Iraq comply with Security Council resolutions.

But that does not mean support for heavy American action. It is self-deluding for Washington to spread word that privately some Arab leaders say they would not mind. The reason they dare not say it publicly is that they know how furious their people would be.

This Iraqi dilemma has so many intricate links with other distinct, major U.S. foreign policy interests — Israel-Palestine peace, relations with Russia, sanctions on Iran, Turkey's role in NATO and Cyprus, and others — that it is evident that the consequences of big and almost inevitably indecisive action are incalculable.

The United States cannot just cave in to Saddam. But the course it is now following would add more disasters to its record there, and leave the dictator once again the sly winner.

Some face-saving compromise on the extent of inspections seems to be available. Washington would do better to take it and, with a little patience and hopefully more skill, seek to topple him, than to flaunt its firepower.

There are things bombs can't do, and there is no real urgency except the desire to show that America can't be defied.

Flora Lewis.

People First: The World Economy Needs Regulation

By William Pfaff

PARIS — Conventional comment says that the state-mobilized Japanese and South Korean mercantile systems, together with authoritarian Singapore "Confucian" capitalism, and the quasi-feudal "crony capitalism" of Indonesia and Thailand, all have fallen to the competitive pressures of liberal and globalist economic forces.

Asia, the argument says, will be forced to reorganize itself on the model of American capitalism, to its short-term pain but its long-term advantage. International investors should be protected (otherwise they might not come back), but local companies, the labor force and society will have to suffer economic purge, new deregulation and greater foreign economic penetration.

Conventional comment also

makes a political claim, that the free market is linked to democracy. Authoritarian Asian economies, it is said, can recover only by adopting the democratic political model.

Francis Fukuyama, known for having buried history in 1989, writes in the latest issue of the New York monthly Commentary that "the well-documented correlation between stable democracy and a high level of development" will "increasingly favor the rule of law and greater popular participation" in Asia.

The crisis thus has been a blessing in disguise, discrediting false political models.

However, the social and political conditions created by crisis in Indonesia are not self-

evidently conducive to stable democracy. Indonesia experiences a mounting level of violence directed against the Chinese minority, which dominates the economy. And serious, potentially anti-Western political tensions are very strong elsewhere in the region.

A second interpretation of the Asian crisis is essentially economic and very pessimistic. It proceeds from the same diagnosis — that the high level of savings in Asia, together with a very large amount of Western investment, much of it speculative and volatile, has combined to produce a crisis of overinvestment and overproduction, with a vast oversupply of goods for saturated markets. It goes on to argue that this

process has only begun, and could produce global dumping of goods, more loan defaults and further devaluations, leading to world deflation and depression reminiscent of the Great Depression.

One does not have to accept this distressing analysis to think that the world economy needs new and better regulation, rather than the accelerated deregulation recommended by American triumphalists — for example, the global investment liberalization now sought by the United States in discussions at the OECD.

The need for new regulation was one of the generally acknowledged themes of the World Economic Forum in Davos this month. George Soros, the financier, has proposed a new international credit insur-

ance agency, commenting that even a casino has rules.

Others argue for more central bank regulation of currency movements, or new regulatory structures attached to the IMF or the Bank for International Settlements, in order to impose greater transparency on international monetary transactions.

The Overseas Development Council in Washington, which firmly backs globalization, nonetheless proposes a broad "global economic summit," political in nature, to assure that poor countries are not marginalized, and to respond to concerns that globalization has proved destabilizing in effect and is actually lowering living standards for the majority.

Another interpretation of what has happened in Asia, which reflects a radical critique of globalization itself, argues that the crisis has followed an irresponsible American-promoted drive to deregulate world markets and production to its own commercial advantage. Mickey Kantor has said that the IMF is a "battering ram" to open Asian markets to U.S. exports.

Speculative and unsustainable development in Asia has been promoted and rewarded, while the social and cultural costs of the destruction of established economic structures have been ignored.

Critics would say that this program has been rationalized by a naive market determinism, product of the last 20 years, which holds, on the basis of faith rather than evidence, that the universal search for individual self-aggrandizement automatically promotes collective happiness.

Intelligent discussion of what to do next requires answers about where we now are.

Is this crisis a positive correction in a fundamentally benign process of progressive global economic integration on the American model?

Is it a deflationary crisis leading to a collapse of currencies and markets in the West, as well as in Asia? Does it involve important political dangers?

Is it an episode in a reckless attempt to remake the world economy, with destructive social consequences that could be as momentous as those of 19th century colonialism?

These issues are fundamental to the decisions that will be taken in coming months on investment regulation or deregulation, transparency, further market opening and national policies on global finance.

International Herald Tribune, Los Angeles Times Syndicate.

Reform for the Long Term in South Korea

By Ha-Joon Chang

CAMBRIDGE, England — It has been just two months since the IMF advanced its plan to manage South Korea's economic crisis. The Fund has already been forced to relax some macroeconomic targets, on inflation, money supply and fiscal balance. Now new problems are emerging from the Fund's insistence that market discipline alone will revive the country.

If, as seems likely, the IMF and its U.S. backers have misread Korean fundamentals, the consequences will prove even more damaging than the deflationary policies the Fund has recently been forced to amend.

The roots of the Korean crisis lie not in excessive regulation but in the hasty dismantling of a carefully constructed system of economic checks and balances.

Overcapacity and corporate collapses, Korea's principal symptoms today, arose precisely because Seoul aban-

doned two established policies: investment coordination and managed competition.

Foreign debt doubled from 1994 to 1997, to more than \$100 billion, reflecting a borrowing spree among corporations eager to expand. Fueling this debt were 30 peoplye merchant banks, half of them less than two years old.

The problem here was not overregulation but regulatory failure. The consequence is evident in the balance sheets. Two-thirds of the \$20 billion that these merchant banks borrowed abroad has a maturity of less than a year. Almost all of that \$20 billion was lent on as long-term debt with more than a year's maturity.

Crony capitalism? This is a recent feature in South Korea. Money has long flowed from business into politics, but it was

rarely tied to specific favors; manufacturers were subordinated to national plans. Crony capitalism appeared in the last decade, as government guidelines were gradually abandoned and a free-for-all of shady political exchanges ensued.

Further financial liberalization, the IMF believes, will allow foreign institutions to put South Korea's house in order. But these are the same institutions that lent so much to its badly managed merchant banks. And these same institutions are now defying "market logic" by asking Seoul to assume a large proportion of private-sector debt.

Proposals to restrain corporate expansion through foreign takeovers may make more sense. But the takeover mechanism has serious downsides, as is evident in any advanced

country. It can shrink investment horizons and create its own version of reckless expansion by allowing large but inefficient firms (or corporate raiders) to take over small but efficient operations.

Lifetime employment and company welfare plans may also need reform. Making redundancy easier could be beneficial in the long run, if combined with universal unemployment insurance and retraining programs.

But a sea change in Korean attitudes and institutions is required, and that cannot occur overnight. In a deflationary phase, such fundamental shifts are likely only to exaggerate social and economic conflicts.

As for crony capitalism, the solution lies in strengthening the coordinating function of government, not in weakening it, so that Seoul can set clear limits as to the proper relations between business and government. Civil service reforms, including salary increases, will make bribery less attractive among bureaucrats.

Given the shortcomings of the IMF's rescue package, it is time to consider an alternative program of structural and institutional reform that places long-term growth, not quick fixes, at the top of the agenda.

The writer, who teaches economics at Cambridge University, is author of "The Political Economy of Industrial Policy." He contributed this column to the International Herald Tribune.

Look Back for a Crash Course

By J. Bradford DeLong

WASHINGTON — It is a time of economic boom. Far to the west of the established industrial centers of the world economy, across the broad ocean, an industrial revolution is in progress. Mammoth infrastructure projects lay the groundwork for cities and factories where before only rude farmers had dwelt.

Natural resources are tapped, and rising exports of resource-based products raise living standards both in the new boom economies and in the older industrial core. A flow of manufactured goods begins and grows as the emerging industries find competitive niches.

All this is funded by a flood of capital out of the established financial centers seeking higher returns, and willing to bear some extra risks as well.

But all is not well. Corrupt government officials have been siphoning off unbelievable amounts of money from state-funded infrastructure projects. Revelations of the extent of corruption lead to legislative censure of the truth-tellers.

Meanwhile, the greatest financial institutions have become overextended, pouring their money into enterprises doomed to failure. When a sudden shock lays bare the extent of official corruption and of unsound private business practices, capital stampedes out, back to the industrial core, no matter what interest rates are paid or equity terms are offered.

And with a shattering crash, the largest and most prominent financiers — those whose

houses have been the vacation retreats of national presidents, and who have been the business partners of close relatives of national leaders — go bankrupt.

East Asia in 1997-1998? Yes, of course. But also the United States of America in 1873-1874.

British and other European investors reacted then just as American and other investors are reacting now: by pulling their capital out of the enterprises and economies that only a year before they had seen as profitable gold mines.

We know how this story ends in the absence of international intervention and support. Back in 1873 there was no IMF. The Bank of England saw its mandate as narrowly limited to British financial crises.

British and European capital fled the United States. The amount of railroad miles built in the United States fell by 80 percent, as the country entered a depression that was not to lift for nearly half a decade. Until 1933, it was the U.S. depression that followed 1873 which had the name of "Great Depression."

Now we are watching the same movie, but we have a chance to give it a different ending. Now we have an IMF. Now we have a U.S. Treasury and a Federal Reserve that understand the need to safeguard the world economy as a whole.

Now we have central bankers and finance ministers who understand that large loans to

cushion the adjustment to a sudden loss of confidence and provide liquidity to keep the engine of capitalist development greased can do enormous good at little risk.

But they can do their job and make a better ending to this movie only if politicians are willing to give Messrs. Camdessus and Fischer, Rubin and Summers elbow room.

A good ending will not make sure that every overenthusiastic speculator or crony capitalist loses his or her shirt. A good ending will not make sure that every East Asian construction or manufacturing worker keeps his or her job. A good ending will not keep East Asian demand for American products as high as in the past, or lower the American trade deficit.

A good ending to this movie will, however, make the East Asian recessions of 1998-1999 that follow the East Asian financial crisis of 1997 small.

To the extent that the politicians seeking bot-butto issues demand a more perfect world than international central bankers — with their blunt, imperfect tools and powers — can deliver, they lessen our chance to make a better ending to today's movie than the movie of a century and a quarter ago.

The writer, a professor of economics at the University of California at Berkeley, was U.S. deputy assistant Treasury secretary for economic policy from 1993 to 1995. He contributed this column to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Zola's Trial

PARIS — Every succeeding day of the Zola trial adds fuel to popular excitement. What will be the upshot of the whole business? The Herald has obtained the views of competent journalists of the *Figaro*. M. Calmette thinks it may be expected that a revision of the Dreyfus case is now certain. M. Rochefort, on the other hand, regards M. Zola's conviction as equally assured. A writer in the *Gaulois* complains that anarchy prevails in the army, in the law courts and in the street. He calls upon M. Félix Faure to exercise his constitutional power to put a stop to this state of things.

NEW YORK — Beauty specialists are sounding a warning to women to "watch their ears." Modern fashions are creating what may develop into a

new malady. After the fad for heavy "gypsy" earrings is over many women will find their ears are all awry. It is not unusual for such of these ornaments to weigh two, three and even four ounces. They are worn during the day and evening and practically every day. This constant wear pulls the ear down into an ugly triangle.

1948: Red Hollywood

NEW YORK — W. Frank Watkins, District Director of Immigration, said that a deportation order had been made against German-born Hans Eisler, a Hollywood music composer described by government officials as a Communist. Eisler is a citizen of Austria and brother of Gerhard Eisler, who is now in government custody at Ellis Island. Gerhard is described by government officials as the "Number One" Communist in the United States.

1923: 'Gypsy' Earrings

NEW YORK — Beauty specialists are sounding a warning to women to "watch their ears." Modern fashions are creating what may develop into a

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OPINION/LETTERS

Behind the Smoking Gun,
A Secret Talking-Pointer

By William Safire

WASHINGTON — Like the purloined letter in Edgar Allan Poe's story, the smoking gun in the most recent Clinton scandal is in plain sight. The evidence that strikes dread in the White House is a three-page document called the "talking points." Nobody has yet disputed that Monica Lewinsky gave the points to Linda Tripp to influence her testimony about a third woman, Kathleen Willey, in preparation for the Paula Jones trial.

Ms. Tripp had said publicly that she saw Mrs. Willey, lipsuck smeared and blouse untucked, in the White House after what Mrs. Willey claimed was a pass made at her by the president. The purpose of the talking points, transmitted by Ms. Lewinsky, was to get Ms. Tripp to change her story in an affidavit.

The person or persons unknown who drafted or dictated the talking points urged Ms. Tripp to swear to a more recent conversation with Mrs. Willey.

"As a result of my conversation with her and subsequent reports that showed she had tried to enlist the help of someone else in her lie that the president sexually harassed her," the talking-point director Ms. Lewinsky suggested that Ms. Tripp say, "I now do not believe that what she claimed happened

palpable in the White House today, despite the bravado of the counterattack and the public's laudable aversion to invasion of privacy. The author of the talking points will likely be found, in real danger of going to jail, and may not want to go alone or for long.

Why did the talking-point director take the chance of using Ms. Lewinsky as a conduit for changing Mrs. Tripp's testimony about Mrs. Willey?

Because the Willey episode, if it occurred as initially described, could be a presidency-breaker. The Lewinsky affair (if it was not all a figment of her imagination) was consensual and could be forgiven by a cluck-clucking but prosperous majority.

But when a job applicant is grabbed and fondled by an executive, chief or otherwise, that is outright sexual harassment. Because this applicant's testimony is given reluctantly, it is especially damning.

Is it any wonder that Ms. Lewinsky's help was urgently sought? Not only was she needed to deny any relationship of her own, but to transmit a document that would shape another's sworn testimony. Having placed her in such a key position, the talking-point director was eager to meet her career demands.

That in turn could explain the heat on Vernon Jordan to repeat his Webster Hubbell benefaction and to get her a job outside Washington.

It could explain the spectacle of the United Nations delegate, Bill Richardson, making a pilgrimage to her Watergate apartment building with his staff to offer this former intern a job in his New York office.

And that explains some of the White House staff fear. Somebody probably told the presidential secretary, Betty Currie, to make this happen; she then told John Podesta, deputy chief of staff, as he must have recounted to the grand jury; he then passed the order to Ambassador Richardson, who obeyed with alacrity.

But can you legally offer someone a federal job in consideration for valuable private service — such as keeping quiet or influencing a witness's testimony — that the employee will perform? Those in the offering chain aware of such a deal may run afoul of Section 211 of the Criminal Code, "acceptance or solicitation to obtain appointive public office."

Existential dread in the White House is the feeling of standing atop the world on a trap door.

I remember that feeling. "Things are in the saddle and ride mankind."

The New York Times

Existential dread in
the White House is
the feeling of standing
atop the world on a
trap door.

really happened. I now find it completely plausible that she herself smeared her lipstick, untucked her blouse, etc."

White House aides know that few young interns use phrases like "subsequent reports." Question: Who was the talking-point director? He or she or they seem to have been suborning perjury, tampering with a witness and using Ms. Lewinsky as an accessory in obstructing justice.

That helps explain why immunity talks broke down. Ms. Lewinsky's lawyers were reported ready to have her assert a sexual relationship with the president, which is no crime, but were apparently not willing to let her identify the person who may have enlisted her in a conspiracy to suborn perjury, which is a crime.

It also explains the existential dread

Give U.S. Consumers
Credit Where It's Due

By Stanley Lebergott

MIDDLETOWN, Conn. — Conferences on the world economy should be held in Calcutta or Lagos. Or at least Newark, New Jersey. Fewer fine minds might feel the need to travel.

MEANWHILE

But those attending would get a closer sense of real world priorities.

As it is, the splendid hotels, high-fashion shops and millionaires on the ski slopes of Davos, Switzerland, provided the appropriate background for the harsh words that the U.S. first lady had last week for American consumers and "the messages of American culture."

Hillary Rodham Clinton's prepared remarks at the annual World Economic Forum in Davos began with openhanded praise for the "free market," which she said has "the greatest capacity to create employment, income, wealth and investment." But in the question period, she followed with an extended indictment:

1. "We are creating a consumer-driven culture that promotes values and ethics that undermine both capitalism and democracy."

2. In fact, she said, "consumer capitalism" is under-

mining the "kind of work ethic [and] postponement of gratification ... historically associated with capitalism."

3. "Because we are dominated by commercial television, we have a relentless, unrelenting message of consumer materialistic pleasure. Exporting that cannot be good for any culture."

Her conclusion? "Schools, families, religious organizations, associations like scouting," she continued, must help balance "the messages of the materialistic culture."

Before the scouts arrive, what about this "consumer-driven culture"? Pogo comes to mind: We have met the enemy and he is us. Who creates

What they decide
to buy creates the
marvels of income
and employment.

this "consumer-driven culture" but 270 million Americans?

Who should "drive" the American free market if not consumers? They do not always follow the injunctions of "the best and the brightest."

They even ignore the noisiest advertisers. What they decide



to buy then creates those marvels of employment and income that Mrs. Clinton praised at the start of the speech.

Indeed, 90 percent of the American work force produces consumer goods and services. Some directly — food, medicine, Polaroid jackets. Some indirectly — tractors, lettuce boxes, bottling machines. Those products also generate most of the nation's income.

Do American consumer pleasures reek more of "materialism" than those of Switzerland? Many of us might hesitate to aim such criticism at other consumers. Anyone who takes a 100-ton plane to visit ski slopes, or even a one-ton car to the theater, who accumulates books

and newspapers printed on million-dollar presses or buys more expensive clothing than what Wal-Mart sells might be reluctant to pass judgment.

Others know that "consumer-driven culture" was in the American grain long before anyone discovered that "consumer capitalism is undermining the work ethic and postponement of gratification."

It was, after all, on July 4, 1776, that Thomas Jefferson recorded in his daybook: "seven pair of women's gloves, for 20 shillings." Later records show more material consumption: His unending book purchases became the original Library of Congress. A few bottles still remain of the many cases

of wine he shipped from France to Virginia.

Also, what of straitlaced John Adams, who began his long day's work before dawn? As he wrote Jefferson close to their deaths: "Mind your own business! Do no wrong! Do all the good you can! Eat your canvas back ducks! Drink your burgundy, sleep your Siesta and Trust in God!"

Now there's a message for consumers.

The writer, a professor of economics at Wesleyan University, is the author of "Pursuing Happiness: American Consumers in the Twentieth Century." He contributed this column to The New York Times.

LETTERS TO THE EDITOR

Perspectives on Clinton

I am 89 years old and have voted for the Republican candidate for the U.S. presidency since I cast my first vote for Herbert Hoover against Franklin Roosevelt in 1932.

But I would vote for Bill Clinton today if he were campaigning again for the presidency. Mr. Clinton's State of the Union address was the best I have ever heard, and made quite clear the marvelous job he has done during his final term.

When Mr. Clinton took questions from reporters in the Oval Office last week in the company of the visiting British prime minister, Tony

Blair, I was shocked that the president was asked about his personal problems. I was embarrassed that a guest of the United States, Mr. Blair, had to listen to such inappropriate questions.

The president should make a rule that, during all meetings with visiting heads of state or foreign dignitaries, only questions dealing with issues relevant to the two countries will be accepted.

JAMES E. WARRING,
Herrliberg, Switzerland

Your letters to the editor since the Clinton scandal became known appear to condone alleged behavior that most women would find abhorrent in their husbands and fathers.

Why haven't you heard from feminists who place sexual harassment at the top of their agenda?

Should we justify President Bill Clinton's reported exploitation of women just because of fears that his resignation would affect the economy, compromise various peace negotiations or set back women's issues?

The United States, its government and its institutions are far greater than one man!

LOUISE W. DEMARIS,
Westport, Connecticut

Hazardous Balloonists

Regarding "Balloonists Give Up:

China's Refusal to Clear Overflight Doooms Round-the-World Attempt" (Feb. 5) and "Too Late, China Clears Flight by Balloonists" (Feb. 6):

As a frequent air traveler in China, I applaud the Chinese authorities' concern for air safety — they do know the limitations of their air traffic control system — and condemn what is essentially an adventure by rich enthusiasts.

Air travel in China is risky enough without the additional and avoidable hazards posed by balloons in the jet stream, where both commercial and military jets operate.

MICHAEL R. K. MUDD,
Hong Kong

BOOKS

SPOILS OF WAR:
The Human Cost of America's
Arms Trade

By John Tirman. 310 pages. \$25. Free Press.

Reviewed by Colman McCarthy

CRITICS of American militarism distinguish between hot violence and cold violence. Hot is the slaughtering of human beings close up, as in Vietnam when peasants were shot — "greased" was the term — because they may have been hiding Vietcong. Weapons fire, bloodied bodies drop. Cold violence occurs when policy or boardroom decisions mean death and suffering to people well removed by time and geography.

In "Spoils of War," John Tirman examines with dispassionate resolve and clarity the mechanics of cold violence — the specialty of arms lobbyists, corporate weapons-exporters, pro-military politicians, Washington policymakers and think-tank rationalizers who are remote from the gore and madness that can result when America's technology of death-fighter jets, attack helicopters, missiles, land mines, tanks, guns — is profitably sold to client states. Tirman's reporting, which is rich with historical allusions and fair-minded analysis of what he calls "the ingrained habits and shibboleths of the arms business," aligns well with the thought of the French worker-philosopher Simone Weil in 1945: "Whether the mask is labeled Fascism, Democracy, or Dictatorship of the Proletariat, our great adversary remains the Apparatus — the bureaucracy, the police, the military. . . . No matter what the circumstances, the worst betrayal will always be to subordinate ourselves to this Apparatus, and to trample underfoot, in its service, all human values in ourselves and in others."

In Tirman's mind, such subordination prevails today in the United States: "In a country now in the grip of a debate over values," it is astounding that so little heed is

given to the values underlying the promiscuous provision of lethal weaponry."

Tirman, executive director of the Winston Foundation for World Peace in Washington for the past 10 years, reports that in the mid-1990s the U.S. weapons industry had a 70 percent market share of sales to Third World nations. More than \$200 billion worth of arms will have been exported by the end of the decade. With "Spoils of War," Tirman joins a worthy list of independent analysts who, in season and out, keep assembling the facts of America's modern arms trade. Among them are Seymour Meltman, author of "The Permanent War Economy"; William Hartung of the World Policy Institute; Sanford Gottlieb, author of "Defense Addiction: Can America Kick the Habit?"; Ruth Sivard and her annual report, World Military and Social Expenditures, and A. Ernest Fitzgerald, author of "High Priests of Waste."

"Spoils of War" differs journalistically from the toil of those authors by reporting from the field on how cold violence in the United States becomes hot violence in the villages of southeastern Turkey. In the name of quashing Kurdish dissent and guerrillas by military force, which meant avoiding any compromising to gain political solutions, in recent years Turkey's military has killed thousands of villagers and displaced 2.5 million. By Tirman's numbers, Ankara's military might as well be a satellite army of the United States. From 1984 to 1993, Turkey received \$6 billion in military aid. During 1991 to 1995, Washington supplied four-fifths of Turkey's military imports.

As a partisan whose moral and political preferences unmistakably favor nonviolent means of conflict resolution rather than violent, Tirman is obviously at odds with the ideas and actions of people in the arms industry and their legislative backers. His challenge as a writer is to lay out the facts nonideologically so that his conclusion — that

the human suffering in one war zone or another "is a symptom of a systematic malfunction in a decrepit and morally vacuous American foreign policy" — cannot be idly dismissed as just more liberal grousing against militarists.

Seasoned by his many years of work in Washington, Tirman ably meets the challenge. Strong sentiments are voiced but no shrillness. The impact of factual and credible information carries his arguments. One of these is that president after president has not allowed the grisly results of the arms-export business to dampen support for arms corporations — Lockheed Martin, United Technologies, Sikorsky, General Dynamics and others — that sell abroad.

It may surprise some readers that Jimmy Carter was one of the enthusiasts. As a candidate in June 1976, Tirman reports, Carter preached: "We cannot be both the world's leading champion of peace and the world's leading supplier of the weapons of war." Once he was elected, however, the fervor vanished. Early in his presidency, Tirman writes, Carter "approved the largest sale of U.S. hardware in the decade — 200 advanced fighter jets to Saudi Arabia, Egypt, and Israel." Later he recommended sending the Airborne Warning and Control System (AWACS), an exceptionally advanced technology, to Iran and Saudi Arabia. Tirman's invaluable criticism — also on display in his earlier books, "The Fallacy of Star Wars" and "Empty Promises" — isn't likely to run out of ideas and deeds worthy of scorn. In addition to the overall excellence of the reporting in "Spoils of War," it will remain topical for some time. The hot violence goes on.

Colman McCarthy, who directs the Center for Teaching Peace and teaches courses on nonviolence at four Washington-area schools, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

A group of six players has set a record by scoring three consecutive victories in the Greater New York Bridge Association's Von Zedtwitz Double Knockout Teams. Last Chan, Jim Krekorian, Brad Moss and Elizabeth Heller, all of Manhattan; Jon Reich, all of Brooklyn; and Phil Alder of Manhasset, New York, took the 1997 title recently. Playing at Hoovers Club, 117 East 57th Street, they defeated Mark Feldman of Manhattan and his team by 10 tips.

The diagramed deal was decisive. At one table Alder and Krekorian, North and South, landed in four spades

after a complex auction. West led the club ace against four spades, and South ruffed, cashed the

NORTH
♠ K 10 4 3
♥ A 7 5 3
♦ 7 3
♣ 10 8 4

WEST (D)
♠ J 7 6
♥ 8 4 2
♦ J 9
♣ A 7 5

EAST
♠ K 10
♥ A 6 5
♦ K Q J 8 6 3 2

SOUTH
♠ A Q 5 2
♥ Q 3 8
♦ K Q 10 8 4 2
♣ —

North and South were vulnerable.

The bidding:
West Pass
Pass
Pass
Pass
East 1♣
Pass
3♣
Pass
South 1♦
Pass
4♠
Pass
Pass

West led the club ace.

spade ace and led the diamond queen. This was allowed to win, and he played the king, pinning the jack. East took the diamond ace and played the club king, again ruffed in the closed hand.

The position was now as shown at right. Krekorian led the diamond ten and West ruffed with the spade jack.

Krekorian discarded the club ten from dummy and could not then be defeated. West led his last club and South ruffed in his hand with the spade queen.

Another diamond lead was ruffed by West and over-ruffed in dummy. The spade king removed West's last trump and a low heart was led.

Since a trump remained in dummy, the heart king was the last trick for the defense.

In the replay East played in four clubs, which could have been made but failed by a trick.

The Chan team gained 11 tips.

NORTH
♠ K 10 4
♥ A 7 5 3
♦ —
♣ 10

WEST
♠ J 8 7
♥ 8 4 2
♦ —
♣ 5

EAST
♠ —
♥ K 10
♦ 8 8
♣ Q J 8 3 2

SOUTH
♠ Q J 8
♥ —
♦ 10 6 4 2
♣ —

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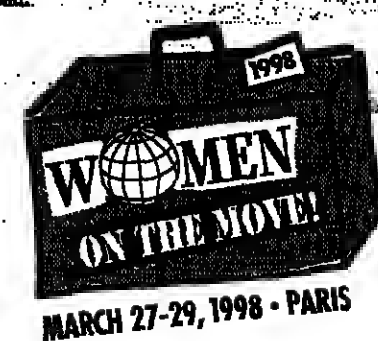
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Leisure

PAGE 12



Dining at the Klong Damnoen Saduak floating market near Bangkok.

A Thai Feast for the Eye And Also for the Palate

By Patricia Wells
International Herald Tribune

BANGKOK — It is a purely serene glimpse of paradise. The calm and pristine restaurant with teak, ceramics and fine Thai silk is afloat in a magnificent pool of lotus blossoms. The cuisine is an intelligent blend of traditional and modern Thai cooking, intended to merge a feast for the eyes and one for the palate. The six-year-old Celadon restaurant is just a corner of the Sukhothai Hotel, a gleaming white complex that, too, is a well-considered mix of modern and traditional, with ancient temple doors, a palm-lined drive and six acres of lily ponds, in the center of Bangkok.

In these harmonious and elegant surroundings, diners at Celadon (which takes its name from the ceramic glaze as well as the grayish yellow-green color of traditional and modern Asian pottery) can choose from a labyrinthine menu of Thai fare. Seated on chairs upholstered in crisp beige linen and dining off thick, hand-crafted celadon plates on white linen place mats, we feasted on a palate-stimulating spicy beef salad, paired with plenty of cucumbers and raw onions for cooling down the palate. The winged bean salad was a perfect balance of spicy and sour, with lots of giant shrimp in a peanut-based sauce. And other starters — such as deep-fried minced pork and shrimp wrapped in bean curd sheets and rice flour crepe stuffed with crab meat, minced chicken and mushrooms — showed how cleverly the Thai chefs borrow curries from India and stir-fry and noodles from China.

SOUP IMITATES ART Thai soups are an art, and one of the most popular is *tom yam goong* (a spicy soup with prawns and lemongrass). The brilliant red, pink, and green soup is the perfect blend of the iodine richness of the sea and the herbal freshness of the garden, a true layering of flavors, harmonious and so evenly spiced that one marvels at the cook's controlled hand. Heavier, but no less fulfilling was the also popular *tomka gai*, the regal herb-chicken-and-cocunut-based soup that balances sweet, spice and fatty richness.

Main courses include no less than 13 curries, and ours was one of the most traditional, a southern Indian-inspired chicken curry — *gaeng mussaman nuea rue gai* — a goaty sweet dish, and one of the rare Thai dishes containing potatoes — that was all spicy mel-

lowness, laced with Indian herbs and one that left you with a lingering smile on your palate.

Despite common belief, Thai food is not universally hot, for paralyzed palates no longer note the subtleties of fine cuisine. So we followed with a very delicate steamed white snapper, topped with lime juice and just a gentle hit of chilies.

Desserts offer a gentle close, with glutinous rice balls in sweetened egg in coconut milk, and soothing pumpkin custard. Lemongrass tea ends it all, to soothe the palate and aid digestion.

A total contrast to the elegant Celadon was an open-air feast at the northern city of Chiang Mai, where we dined at the Pongyang Gardeo Resort on a shaded teakwood terrace, surrounded by the soothing sounds and midday coolness of a rushing waterfall. Seated at bare wooden picnic tables and sipping the cooling Thai Singha beer, we feasted on simple coo-

try fare. Abundant platters of raw vegetables — green beans, herbs, lettuce — revved up our appetites, which were ready by the time the parade of courses arrived: a rich meat salad of pork that had been marinated in salt, sugar and coriander and then dried in the sun; Burmese pork curry, and minced chicken salad.

TWO highlights of the meal were the beautifully bitter grilled pork in fermented tamarind sauce, which perfectly balanced out the heat and richness of the other fare. Then came a whole Cambodian carp-like fish, deep-fried so the skin was crisp and vibrant, smothered with fresh chilies and topped with a carpet of fried basil leaves. The days' soup — the traditional *tom yam khung* — was refreshing, a mix of half chicken stock and half shrimp stock, laced with lemon juice, galangale, lemongrass, chilies and shrimp.

Dessert could not have been more simple: giant platters of papaya, watermelon and pineapple, which the locals sprinkle with salt for perfect digestion.

Celadon, Sukhothai Hotel, 1313 South Sathorn Road, Bangkok 10120, Thailand. Tel: (66-2) 287-0222, extension 5722. Fax: (66-2) 287-4980. Open daily. All major credit cards. Vegetarian menu at 520 baht (\$11), and tasting menus at 580 and 620 baht.

Pongyang Garden Resort, KM 14 Maerim-Samerng Road, Chiang Mai, Thailand. Tel: (66-53) 879-151 Fax: (66-53) 879-153. Open daily. No credit cards. About 200 baht per person.

This is the last of a series.



The skyline of Bangkok, where the traditional and the modern still mix.

Sand and Sea in Exotic Oman

A Long Isolated Land Opens Its Doors to Visitors

By Judith Miller
New York Times Service

MUSCAT, Oman — Think of the Gulf and what do you see? Gulf War soldiers, burning oil, bearded fanatics, polluted seas and flat, bleak desert. What does not come to mind is vacation.

Think of Oman, and even the most seasoned traveler might have difficulty conjuring up any image at all. But the strategically placed Sultanate of Oman is not only one of the most beautiful countries in all the Middle East, it is also a glorious place to vacation, well worth the eight-hour flight from London or what would be a 14-hour trip from New York, were there a nonstop flight from the United States to Muscat, the capital, which there is not — at least not yet.

At the entrance to the Gulf, Oman also looks out on the Arabian Sea. With more than 1,000 miles (1,600 kilometers) of pristine coastline, Oman offers visitors wide-ranging terrain and experiences — from striking deserts where camels and jeeps race along silky sand dunes, to tropical seaside resorts with palm trees and world-class fishing and diving.

There are country markets where farmers, silversmiths and craftsmen haggle over varieties of incense and intricately worked silver daggers and jewelry, yet in Muscat visitors can attend theater or concerts of the Omani Philharmonic.

Just inland lies Oman's backbone, the great Jabal Akhdar, the Green Mountains, whose sharp peaks of green-tinted rock soar to 10,000 feet (3,000 meters) and offer climbing, hiking, and camping alongside that rarest of sights in this part of the world, freshwater streams and dramatic waterfalls.

MARCHING TO A DIFFERENT DRUM

Oman has always been different from other countries in the Arabian peninsula and most of the Middle East. Long isolated by choice from the rest of the region — indeed, from most of the world — Oman has only recently opened up to tourists, and given the relatively high prices of its hotels, the Omanis seem intent on developing tourism that caters mainly to wealthier visitors.

If Oman could be described as "unknown" as late as 1966 by Wendell Phillips, the American archaeologist and oil consultant, the fault is largely its own. For many years, Oman neither sought nor welcomed strangers.

Most of the foreigners who came intermittently brought little but conquest, occupation and despair to Omanis, starting with the Persians, whose King Cyrus the Great conquered Oman in 536 B.C.

Subsequent invaders came from what is now Iraq. Then came the Mongols, and then the Persians again. In the early 16th century the Portuguese invaded, bombarding and destroying Omani cities, as did the Turks a generation later. But around 1650 independent rule was re-established and has been more or less maintained since then. As a result,

Oman can claim to be among the oldest independent sovereign Arab states in existence today.

Since the Omanis themselves were great travelers, traders and empire builders, ruling large parts of East Africa and even Zanzibar, their culture was soon marked by cultural and culinary influences unknown in most parts of Arabia. While Oman may be linked by land to the Arabian peninsula, it looks out to the east. So happily for Omani food and art, the influence of India and even China remains strong.

TRADING SOCIETY And because it was always a trading society, Oman has almost always been rich, long before oil, which Oman began producing in 1967, late by Gulf standards, and which now provides the country with half its income. Four thousand years ago, its wealth was based on dates, copper and frankincense, the fragrant gift of kings that is still burned in homes and offices and exported at exorbitant prices. Later Oman prospered because of its trade in slaves, gold and spices.

For almost 30 years, Oman's oil has enabled its ruler, Sultan Qabus bin Said, 55, to develop and educate the country and provide its people with an average per capita income of around \$9,000 a year. (The population of around 2.5 million includes about 750,000 expatriate workers.) But unlike some other oil-rich countries, Oman has enjoyed orderly development. As a result, its culture and identity are largely intact. Compromise between modernization and tradition is the rule, so there is a McDonald's, but no golden arches.

Men still wear a light-colored *dishdasha*, a flowing, ankle-length robe, and the distinctive *amama*, a brightly colored cashmere turban, or an embroidered skull cap called a *kumma*. Official occasions in Muscat require men to wear the Omani equivalent of black tie — an exquisitely crafted ceremonial dagger, the *khanjar*. (In the countryside, daggers are routine and not ceremonial.) Rural women in markets still cover their bodies in black silk robes and their faces with dyed, eagle-like masks. But younger women in the capital opt for simpler silk headscarves. Omani women of all classes and regions still paint their hands for weddings and other celebrations in fanciful filigrees made with henna, a natural dye.

WOMEN REPRESENTATIVES Unlike Saudi Arabia, where women cannot work with men or drive and there are no elections, Oman now has several women in the partially elected Consultative Council, and Sultan Qabus is committed to implementing by the year 2000 the Basic Law he announced in November 1996. What is in effect an Islam-based constitution contains a bill of rights guaranteeing a measure of press freedom as well as tolerance and equality of both sexes under law. There is no religious police. Alcohol is not banned.

What cannot be legislated, but what the visitor instantly feels, is the warmth of Omanis. On entering Muscat, a former capital two hours inland from Nizwa, one passes not a graceless stam of the leader, but a roundabout decorated with a giant

Arabic coffee urn, surrounded by silver-lined cups, a symbol of Oman's legendary hospitality. Another traffic circle, a reflection of the Sultan's British education, has at its center a huge stack of books, homage to the country's emphasis on learning.

Oman was discreetly opened to tourism only three years ago. The "oon-object certificates" once springily approved by contract British officers who held senior posts in Oman's military and civil service as late as 1990 are no longer required. Omani and foreign travel agencies and even hotels can help arrange tourist visas.

The best time to visit Oman is November through March, when the average daytime high temperature is in the 70s to mid-80s Fahrenheit. But tourists from the Gulf go through the summer. The country is particularly lush in October, after the monsoon in the south.

While Oman had almost no tourists only a few years ago, about 50,000 foreigners visited in 1995. But Oman is not cheap, and a visitor should expect to spend at least \$100 per person a night.

Two of the largest agencies are Bahwan Travel Agencies, (968) 797-405 or 704-455, fax (968) 799-825, and Zubair Travel and Service Bureau, (968) 708-071, fax (968) 782-236. We were delighted with our tour, arranged by Said Al-Harthy, of Desert Discoverer, (968) 597-914, fax (968) 590-144. Veteran visitors have praised tours organized by Riyadh Mohammed, of Debeck Tours, (968) 698-555, fax (968) 698-263; Sabrah Al-Riyami, a freelance guide who sometimes works through Darran Tours, (968) 607-311, fax (968) 607-552; and Mohammed Al-Riyami, of Arabian Sea Safaris, (968) 597-575, fax (968) 782-113.

BAHWAN offers a daylong guided sightseeing trip in Muscat that includes a visit to the souk for \$58 for a vehicle with driver for four passengers. A day trip from Muscat to Nizwa, an oasis city in the interior with a splendid souk, and Fort Jabrin costs about \$178 (also for a vehicle of four), including lunch. A daylong four-wheel-drive excursion to the Wahiba Sands is \$300 per vehicle, including lunch.

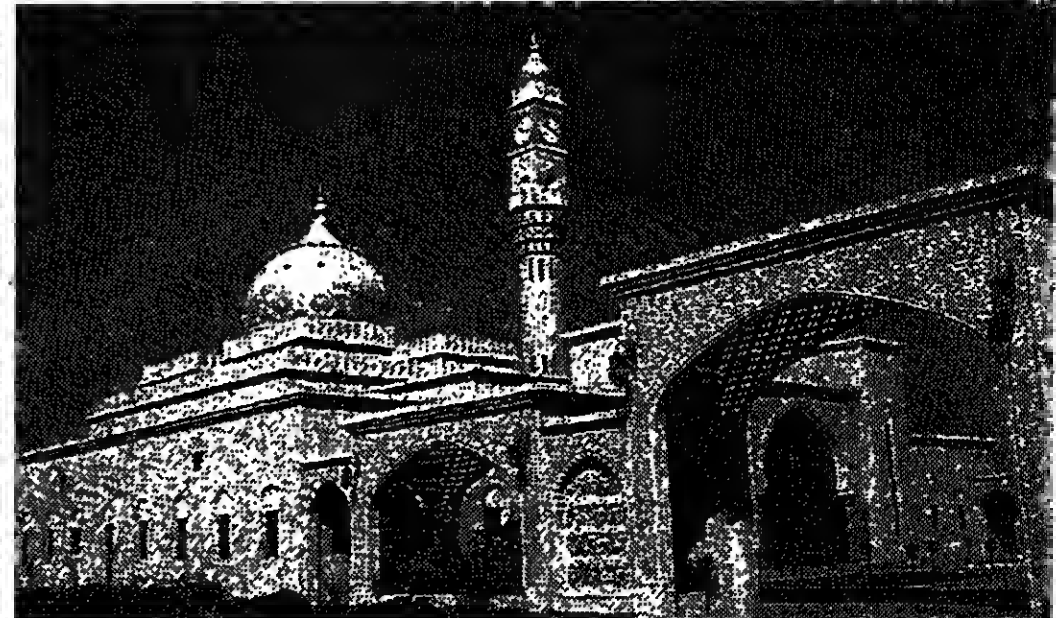
A permit is required to watch the turtles laying eggs at Ras al-Hadd; tour companies can make the application.

English is widely spoken. Women have no trouble traveling around the country, but off the beach, modest dress for men and women (arms and legs covered) is recommended. Alcohol is sold in hotels and restaurants, and visitors can bring one bottle into the country, but no books or magazines that a conservative country might consider pornographic. Drug possession is a serious crime and severely punished. Cars can be rented with a driver's license, and most major credit cards are accepted throughout the country. But plan to use rials in the souk.

For information on the Internet: The Oman Visitor by Rashid Abdullah al-Yahyai at www.geocities.com/RainForest/3883/omanvis.html. The State Department's consular information sheet on Oman is available at travel.state.gov/oman.html.



Omanis in traditional dress: Muscat, the capital of Oman, which until recently had seldom been seen by tourists.



Innsbruck: Skiing and Much More

By Eric Weinberger

INNSBRUCK, Austria — Few cities are also winter sports destinations, but Innsbruck qualifies. It is home to a university and 130,000 people, and capital of the Austrian province of Tirol. It was host to two Olympic Winter Games (1964 and 1976), and offers skating and ski jumping within the city limits, and cross-country and alpine skiing and luge and bobsled tracks within five miles or so.

Innsbruck occupies a narrow site on a valley floor, hemmed in by mountains that seem to rise directly above it to the north and south, while the Inn River (the city takes its name from a bridge that spans it) flows west to east.

Its contemporary link with winter sports obscures Innsbruck's history and its association with the Habsburgs, particularly the Emperor Maximilian. Innsbruck was his favorite city and the Golden Roof, the landmark gilded loggia in the Old Town, or Altstadt, not far from the Inn River, is his creation, while the Hofburg, or imperial palace, is the work of Empress Maria Theresa.

Just south of the Altstadt, on the Maria-Theresien Strasse, the Triumphal Arch depicts the marriage of the Archduke Leopold to the Spanish Infanta in 1765 on one side, and on the other, the death of the Emperor Francis I, Maria Theresa's husband, which happened at the same time.

CULTURAL VARIETY

This indeed seems like ancient history in a modern city dedicated to learning and pleasure. Innsbruck has a lively cultural life, and numerous bars, restaurants, cafes and pastry shops. Concerts and other performances are staged year-round — and in winter, the ball season is nearly as exhaustive as Vienna's. In the mountains and outlying areas, there are scenic walking paths, and driving routes with various historical and artistic themes, including landmarks of Maximilian's life and of Austrian Gothic, Baroque and Rococo architecture.

And then there is the skiing. Innsbruck's moun-

tains, while not very high (up to 7,687 feet, or 2,340 meters), generally guarantee good snow from early December through mid-April.

The Congress Innsbruck, a concert hall and conference center near the Old Town, has an active concert calendar of chamber and other classical music. The Tirolean Symphony Orchestra will perform on March 5 and 6, and there is a schedule of visiting artists; for example, on March 30 the Camera Academica Salzburg will perform under the direction of Alexander Janiczek. Prices range from \$14 to \$62.50 (at 12 Austrian schillings to the dollar). Contact the Stadisches Konzerthaus, 16 Stifgasse; (43-512) 580-023.

Most nights, there is a varied program of alternative theater, cabaret, jazz and World Music in the Treibhaus, a 300-seat theater on three levels resembling a concrete globe. The Sunday jazz brunch is popular. The downstairs cafe is open from 9 A.M. to 1 A.M. (from 10 A.M. on weekends), and it contains an indoor playground for children. Tickets to events range from \$8.50 to \$20.80. The theater is at 8 Angerzellgasse; (43-512) 586-874.

The winter program of the Tirolean Landestheater, a regional repertory theater at 2 Rennweg, includes performances of "Tosca," "The Three Penny Opera," "The Barber of Seville," "La Cage aux Folles" (opening Feb. 28) and "Tales From the Vienna Woods," by Odon von Horvath, which opens March 21. Prices range from \$6 to \$32 for plays, and \$7 to \$38 for musicals and opera; (43-512) 520-744, fax (43-512) 520-74333.

The Easter Religious Music Festival, with events in Innsbruck and the nearby town of Hall from March 29 to April 12, is notable this year for its celebration of African religions and their influence on Western culture. Events include a performance of Bach's "St. Matthew's Passion" at 7 P.M. on April 6 in the Congress Innsbruck and two high Masses on Easter at the Jesuitenkirche, a traditional one at 11 A.M., and an African celebration with dance and masks at 6 P.M. The Innsbruck tourist office, 3 Burggraben, can provide details; (43-512) 5356, fax (43-512) 535-614.

On the third floor of the headquarters of the Austrian Alpine Association, the Alpine Museum,

15 Wilhelm-Greif-Strasse, contains numerous old pictures, maps and prints revealing changing methods of mountaineering. Also on display are scale models of mountain ranges, old skis, snowshoes and climbing gear. Admission is \$2.50; (43-512) 595-4719.

The Tirolean Folk Art Museum, 2 Universitätsstrasse, displays artistic and domestic items from all parts of the Tirol, spanning several centuries. There are decorative wooden chests, cupboards, clothes, farming and cooking utensils, and a number of crucifixes and votive offerings testifying to a culture with a deep religious faith. The museum is notable for its many Stuben, or old wooden parlors, rebuilt in their entirety, and a gallery devoted to Nativity scenes. Admission is \$3.30; (43-512) 584-302.

The master bell makers of the Grassmayr foundry, 53 Leopoldstrasse, have been casting bells since 1599, and they will let you see them at work — and let you ring the bells. Admission is \$3.30; (43-512) 59416.

GLS, just south of Innsbruck, is an independent resort on a shelf above the city, its mountain, the Patscherkofel, was the site of the great victory by the Austrian downhillier Franz Klammer in the 1976 Winter Olympics. Its skiing is limited — basically the downhill route itself with a couple of variants through the trees — and a half-day lift pass beginning at noon costs \$18.30. Information: (43-512) 377-101.

The Olympic luge and bobsled run is also in Gls, and rides on a four-man bobsled are available this month at 10 A.M. Tuesday and 7 P.M. Thursday for \$30 a person; (43-512) 377-525.

The greatest variety of skiing in the immediate vicinity is at Axamer Lizum, southwest of Innsbruck, where the other Olympic ski races were held. There are 10 lifts and 18 miles of trails, all suitable for intermediate skiers. A free bus departs from five places in central Innsbruck twice each morning, returning at 1 P.M. and again at 4:30 P.M. A day pass for Innsbruck hotel guests costs \$27 till March 1, then \$24; (43-5234) 68240.

Eric Weinberger, who writes frequently about skiing and the Alps, wrote this for The New York Times.

THE FREQUENT TRAVELER

The Growing No-Frills Network

By Roger Collis
International Herald Tribune

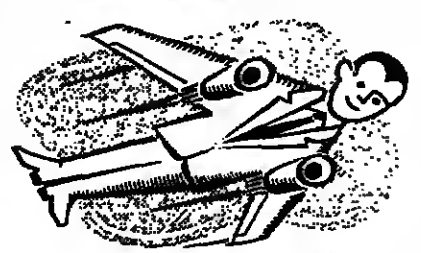
NEED to travel from Nice to Dublin to speak at a conference. I start shopping for the cheapest air fare. I'm traveling midweek so I am unable to use an excursion fare with the Saturday-night nonsense. The best that British Airways and British Midland can offer is a round-trip business-class ticket via London for 6,840 francs (\$940) and 6,211 francs, respectively. Air France quotes 5,646 francs for a full-fare economy ticket via Paris, Sabena/Aer Lingus via Brussels is about the same price.

I call the no-frills options. EasyJet from Nice to London Luton and Ryanair from Luton to Dublin enables me to make the round-trip for 1,600 francs, in as much comfort and with as much flexibility as I need. O.K., the no-frills price I've given you includes a restricted £59 (\$97) round-trip fare with Ryanair between Luton and Dublin, compared with £179 for a fully-flexible ticket (which still gives a Nice-Dublin round-trip fare of less than 3,000 francs) — which means that I can't switch to another flight. But all I'd need to do is buy another ticket and still save money. What's more, I could add Brussels to my itinerary on the way back from Dublin by buying a one-way Eurostar ticket from London to Brussels for £89.50 (a round-trip excursion for £65 and throwing away the return half) and Virgin Express from Brussels back to Nice for 2,900 Belgian francs (\$78) — which would bring the cost of traveling Nice-London-Dublin-London-Brussels-Nice to around £253 (about 2,500 French francs).

75 PERCENT SAVINGS This is an example of how business travelers can save up to 75 percent of the cost of full-fare tickets by taking advantage of the growing network of no-frills carriers that offer cheap one-way fares between 28 destinations in Britain, Ireland, France, Spain, Belgium, Italy, the Netherlands, Norway, Sweden and Germany. EasyJet now serves Amsterdam, Barcelona, Nice, Palma, Geneva, Edinburgh, Aberdeen, Inverness and Glasgow from its hub at London Luton; Debonair offers flights from Luton to Copenhagen, Düsseldorf, Madrid, Barcelona, Milan, Rome, Nice and Munich, plus connections from Munich to Rome, Barcelona and Madrid; Ryanair, which serves 13 routes between Dublin and Britain (including Stansted, Luton and Gatwick) and mainland Europe, plus routes from Stansted to Oslo and Stockholm; and Virgin Express based in Brussels which serves London (Heathrow and Gatwick), Rotterdam, Copenhagen, Rome, Milan, Nice, Barcelona and Madrid.

Starting in London, for example, you could fly EasyJet to Edinburgh, Aberdeen, Inverness or Glasgow (£29 one-way); Ryanair from Glasgow to Dublin (£55 one-way); Virgin Express Brussels-Rome (2,800 Belgian francs one-way) and Rome-Madrid (2,800 Belgian francs one-way) and Debonair from Madrid to London (17,500 pesetas, or about \$115, one-way). With Debonair, you could fly London-Düsseldorf (£69 one-way), Düsseldorf-Munich (149 Deutsche marks, or about \$268 one-way), Munich-Rome (209 DM one-way) and Rome-London (255,000 lire, or about \$144, one-way).

British Airways' new no-frills airline will be called Go and will fly from London Stansted starting this spring. Routes and fares have yet to be announced, but Go is likely to operate its fleet of eight Boeing 737-300s on routes to Italy, Spain, Scandinavia and France. Seats will be sold by phone and no food or drinks will be sold on the 148-seat aircraft. You will be able to buy one-way tickets.



Barbara Cassani, chief executive of Go, says: "We selected Go because it's dynamic, modern and simple. There's a new kind of traveler out there who wants a straightforward service — the essentials at an outstanding price."

Mileage junkies will welcome a new edition of The Official Frequent Flyer Guidebook — 532 pages of detailed information on more than 100 airline, car rental, charge-card and phone company programs, which have grown so complex that few travelers understand the myriad options, elite levels, special offers and partnerships that have developed over the years.

The first section takes you through a checklist to help you determine which programs are best for your type of travel — including the class you usually fly or aspire to — such as free flights to the places you want to go on business or vacation, the ability to redeem miles for upgrades, companion tickets, threshold bonuses or ongoing promotions throughout the year. Charts help you compare how quickly you can achieve elite-level status in the hierarchy of very frequent travelers who enjoy access to lounges and free upgrades. The second section focuses on the fastest ways to earn miles and points, bearing in mind that more than 30 percent of all FFP miles are

earned through airline program partners, such as affinity credit cards, hotels, and car rental. Section three looks at strategies for redeeming miles and points — how to avoid blackout dates, expiration dates and capacity controls and checking out last-minute award sales offered on the Internet. Tables show how many miles you need to claim flight awards (and upgrades) by airline, route and class of travel. Section four is about managing your programs — checking mileage statements, extending expiration deadlines by up to two years, and keeping track of partnerships and bonuses through other publications and Web sites. The remaining sections explain in detail airline, hotel, car rental and card programs. The Official Frequent Flyer Guidebook, Fifth Edition, \$19.95 from Frequent Flyer Services, 4715-C Town Center Drive, Colorado Springs, Colorado 80916-4709. Tel: (1-719) 597-8843; fax: (1-719) 597-6855.

MaxMiles is easy-to-use software that allows you to manage all your frequent-flyer programs by automatic tracking of miles for major airlines and partners. It monitors expiration dates, reconciles statements, allows you to update program changes, such as minimum mileage or award levels and shows the number of miles or points you need for specific awards. You can see from a pie chart where your miles come from (flights, hotels, car rentals or credit cards) — which might suggest how you should change your travel or buying habits to earn more miles. MaxMiles comes on two 3.5-inch disks and a 44-page user manual. It costs \$39.95 and can be ordered over the Internet at www.maxmiles.com or by calling toll-free in the United States 1-888-MAXMILES.

AIRguide is a new one-stop source for travelers seeking basic facts and phone numbers on more than 100 of the world's major destinations, airports and airlines. You'll find lists of major hotels (with published rates), airport services and facilities, along with airline reservation numbers, lounge locations, connecting times and local transportation. There is a mine of information on airline fleets and services — seating, food, entertainment, duty-free shopping and frequent-flyer programs. You can check how much legroom you can expect in first class, business or economy — even which seat rows offer most room. AIRguide is available as a soft-cover book (\$29.95) or a CD-ROM (\$59.95) from Pyramid Media Group, 1215 Geneva Airport, Switzerland. Tel: (41-22) 788-9080; fax: (41-22) 788-9084. AIRguide is published twice a year. You can see monthly updates at www.pyramid.ch.

GOOD TRAVEL DEALS

GETTING THERE

BRITISH AIRWAYS/MALAYSIAN AIRLINES	Britain to Malaysia	Seven-night package to Penang for £385 (\$635) per person (twin-share) includes round-trip with British Airways from London Heathrow to Kuala Lumpur, connection to Penang with Malaysian Airlines and hotel accommodation. Bookings must be made by Feb. 28 for departures until March 31. Trailfinders (44-171) 938-3939.
DRAGONAIR	Hong Kong to China	Packages to Kunming, Xian and Guilin from 3,500 Hong Kong dollars (\$450), 3,970 and 2,570, respectively (twin-share), include round-trip air fare, three nights' accommodation (except Guilin with two nights), breakfast, airport transfers, sightseeing tour and travel insurance. Until March 31.
DRAGONAIR	Hong Kong to China	Three-night weekend packages to Beijing for 4,660 Hong Kong dollars (\$800) and to Qingdao for 4,230 Hong Kong dollars include round-trip air fare, three nights at China World Hotel, Beijing, or Shangri-La, Qingdao, with breakfast, transfers, a city tour and travel insurance. Until March 31.
JAPAN AIRLINES	Worldwide	New Mileage Bank members earn a bonus of 3,000 miles if they make their first flight in first or business class before March 31. All Mileage Bank members earn 50 percent more miles on JAL flights between Europe and Japan and vice versa until March 15.
SINGAPORE AIRLINES	London to Singapore	Three-night package for £425 (\$700) per person includes nonstop round-trip flights, airport transfers, a city tour and accommodation at the Concorde Hotel. Until April 30.
SINGAPORE AIRLINES	Britain to Australia	Round-trip from London Heathrow to Melbourne (with optional stopovers in Singapore) for £499 (\$823). Minimum stay of seven days and maximum stay of three months. For departures from March 29 to June 30. Trailfinders, (44-171) 938-3939.
HILTON HOTELS	Worldwide	HHonors members earn double points at more than 400 Hilton, Flamingo, Bally's, Conrad International and Vista hotels worldwide. New members living outside the United States receive an automatic enrollment bonus of 1,000 HHonors points. Until March 31.
HOTEL NEGARA	Singapore	"Anniversary Promotion" offers 50 percent off normal room rates. Until March 31.
KOWLOON HOTEL	Hong Kong	Rooms for 1,050 Hong Kong dollars (\$135) single/double occupancy. Until March 31.
MANDARIN ORIENTAL HOTELS	Asia	"Interludes Package" offers special rates for single/double occupancy with American breakfast, use of health club and late checkout. Example: Hotel Majapahit, Surabaya, \$120. Until March 31.
SHANGRI-LA	China	Up to 50 percent off normal rates at 11 Shangri-La and Traders hotels, plus double miles for members of Passages, Mileage Plus, WorldPerks, Qantas Frequent Flyer or Royal Orchid Plus. Until Feb. 28.
WESTIN OSAKA	Japan	"Guest Office" rooms discounted by 50 percent. Rate of 28,500 yen (\$213) includes free local calls, breakfast, late checkout. Until March 31.

Although the HT carefully checks these offers, please be forewarned that some travel agents may be unaware of them, or unable to book them.

RECORDINGS



Callier, a "major rediscovery."

TERRY CALLIER "Time Peace" (Verve): In 1964, Callier's producer went off to Mexico with the tapes of his newly recorded first album. By the time the producer brought them back two years later, Callier's style was said to be "passé." That sort of thing seemed to happen to Callier. Never mind. Described by various permutations of the terms bluesy, folk, jazz, cosmic crooner, Romanesque prophet and soul legend, Callier is a singer/songwriter in a category yet to be defined. "A major rediscovery," he is currently billed, "returns with new music for new times."

THREE BARITONE SAXOPHONES BAND PLAYS MULLIGAN (Dreyfus): If

you liked "Line for Lyons," "Walkin' Shoes" and "Bernie's Tune," you'll love Nick Brignola, Ronnie Cuber and Gary Smulyan keeping alive the sound of the master on the big horn with the curl in the neck.

FRED HERSCH "Thelonious: Fred Hersch Plays Monk" (Nonesuch): Hersch becomes one more in the growing succession of elegant pianists keeping the spirit of Monk alive. It has become clear that a pianist no longer has to play in the style of Monk to play stylish Monk. And no matter what the style, there is no such thing as too much Monk.

Mike Zwerin/IHT

MOVIE GUIDE

Good Will Hunting

Directed by Gus Van Sant, U.S.

When people tumble into love — in Hollywood movies, that is — intelligence is rarely the motivating force that brings them together. Being adorable or eccentric, or having an amazing head of hair — these are the usual qualities that make one flavor of the month hot for another. But in the wonderfully original "Good Will Hunting," Matt Damon's appeal doesn't spring from good looks, sculpted locks or cover-boy ubiquitousness — although certainly those qualities should hand in the crowds. What counts is his brain. When Will Hunting (Damon) meets Skylar (Minnie Driver), a highly intelligent Harvard student, they walk on a high mental plateau. Will and Skylar's newfound relationship is part of Will's painful odyssey to get in touch with himself. An autodidact, he has an astounding ability to read books and absorb them, no matter what the subject. But he's an

emotional mess. A product of scrappy South Boston, he's an orphaned delinquent who has bounced between foster homes, and who has been arrested for assault and battery and grand theft auto. When Will effortlessly solves a complicated equation on a blackboard at MIT — where he works part time as a janitor — he attracts the attention of Professor Lambeau (Stellan Skarsgård). Lambeau approaches Will, but the working-class youth, who's contemptuous of professors and all conventional forms of intellectualism, refuses to speak with him. He'd rather hang with his best friends (including Ben Affleck), get into fights and head nowhere fast. Fate steps in, however. Will is arrested for assault, again. At the resourceful Lambeau's suggestion, the judge offers Will his freedom if he promises to work with the professor and seek counseling. Sometimes the film, which Gus Van Sant directed from a script by Damon and Affleck, asks us to nod our heads in

reverence at the mysteries of higher intelligence. But there's more to "Good Will Hunting" than "a movie with heart." It's also about a world in which official intelligence has been appropriated by an academic and professional elite that's too dumb, or arrogant, to handle the job. Director Van Sant, who made the lyrical "Mala Noche," "Drugstore Cowboy" and "My Own Private Idaho," returns to his favorite hunting ground — the subworlds of gritty, poetic lost boys — and pulls us right in. (Desson Howe, R/P)

COSAS QUE DEJE EN LA HABANA

Directed by Manuel Gutiérrez Aragón, Spain.

Various Spanish films in recent years have dramatized the clash of cultures when impoverished African immigrants seek a better life in Spain. But "Things That I Left in Havana" takes an intriguing look at immigration of a different type, when Cubans arrive wide-eyed in Madrid, only to encounter

deceit and discrimination. This is all the more surprising because many Spaniards insist that they still have a special regard for the former colony of Cuba. The Cubans fight back with a blend of ingenuity and wit. The engaging film has a roster of good performers, starting with Violeta Rodríguez, the real-life daughter of the Cuban singer Silvio Rodríguez, who plays one of three young Cuban sisters who come to visit their unscrupulous aunt in Madrid. She ends up falling in love with a Cuban rogue, portrayed by Jorge Perugorria. Their match is not an easy one, because Spaniards keep coming between them, sometimes hilariously, and at other moments, with a menacing edge. The veteran director, Gutiérrez Aragón, maintains a sharp, intelligent rhythm to the film, drawing the viewer deeply beneath the veneer of brotherhood among peoples who share the Spanish language but not always the same vision of life. (Al Goodman, IHT)

ARTS GUIDE

AUSTRIA

VIENNA Kunsthistorisches Museum, tel: (1) 6525-24403, closed Mondays. Continuing/To April 14: "Bischof: Tradition and Forscience." Works by Peter Bruegel the Elder and his two sons, Jan the Elder and Pieter the Younger.

BELGIUM

TERVUREN Royal Museum for Central Africa, tel: (2) 769-5211, closed Mondays. Continuing/To April 30: "Legacies of Stone: Zimbabwe, Past and Present." Documents the African country's cultural richness and diversity.

BRITAIN

LONDON Hayward Gallery, tel: (171) 928-3144, open daily. To April 5: "Francis Bacon: The Human Body." Brings together paintings from 1945 to the mid-1980s that focus on the human figure, Bacon's central subject. The paintings, both single canvases and triptychs, range from recognizable portraits to bodies wracked by pain, distortion or the smearing of paint.

NATIONAL PORTRAIT GALLERY, tel: (171) 305-0055, open daily. To June 14: "Black Power: Photographs by Donald A. MacLellan." A series of 24 portraits of black scholars in British society. Avoiding the well-documented areas of sport and popular music, the artist has photographed subjects from different walks of life, such as politics, media, law and the Church. Tate Gallery, tel: (171) 867-6004, open daily. To May 17: "Bonnard: A Century of Art." The French painter's 100 paintings by the French painter (1867-1947). His work includes landscapes, still lifes, interiors, the celebrated bathroom pictures, and self-portraits. The exhibition will travel to New York.

DENMARK

COPENHAGEN Louisiana Museum of Modern

Art, tel: 49-19-07-18, open daily. Continuing/To April 28: "Francis Bacon." Works dating back to the 1950s by the British artist (1909-1992).

FRANCE

PARIS Louvre, tel: 01-40-20-51-51, closed Tuesdays. To May 11: "La Collection Lemn: Tableaux Romains des XVIIIe et XIXe siècles." More than 100 paintings created in Rome between the 17th and 18th centuries. They are mainly small religious paintings, portraits and mythological representations by Baccio, Maratta, Cavallotti and Menges, among others.

MUSEE D'ART MODERNE DE LA VILLE DE PARIS, tel: 01-53-67-40-00, closed Mondays. Continuing/To May 17: "Lumière du Monde, Lumière du Ciel." A survey of 20th-century art in Scandinavia.

MUSEE D'ORSAY, tel: 01-40-49-48-14, closed Mondays. To May 17: "Manet, Monet: La Gare Saint-Lazare." Focusing around Manet's 1872 "Chemin de Fer," the exhibition documents the theme of the Paris station in the works of Manet, Caillebotte, Morisot and other artists.

GERMANY

MUNICH Haus der Kunst, tel: (89) 211-270, open daily. To May 3: "Arnold Böcklin, Giorgio de Chirico, Max Ernst: Eine Reise ins Unbewusste." With more than 200 works in the exhibition, the three artists cover 120 years of painting and form a link from Romanticism and Symbolism to Surrealism.

STUTTGART Staatgalerie, tel: (714) 212-4050, closed Mondays. To June 1: "Paul Gauguin: Tahiti." Gauguin spent the last 10 years of his life on Tahiti where he discovered how the strange and exotic clashed with the reality of colonialism. His bright, colorful paintings symbolize this lost paradise.

IRELAND

DUBLIN Hugh Lane Municipal Gallery of Modern Art, tel: (1) 874-1903,



A Francis Bacon at London's Hayward Gallery.

HONG KONG

HONG KONG MUSEUM, tel: 2734-2167, closed Mondays. Continuing/To March 1: "National Treasures: Gems of China's Cultural Heritage." Bronze, jade, ivory, silver and gold objects, as well as lacquerware and stone carving dating back to the Neolithic era.

ROMA Fondazione Memmo, tel: (6) 418, To Feb. 28: "Fayum Portraits." Funeral portraits on wooden panels dating back to the first centuries of Roman rule in Egypt.

ITALY

ROMA Fondazione Memmo, tel: (6) 418, To Feb. 28: "Fayum Portraits." Funeral portraits on wooden panels dating back to the first centuries of Roman rule in Egypt.

JAPAN

OSAKA Osaka Municipal Museum of Art, tel: (6) 771-4874. Continuing/To March 22: "Angkor Wat and 10 Centuries of Khmer Art." Beginning in the 6th century and continuing for more than 1,000 years, Cambodian artists created monumental gods, guardians, female dancers and legendary creatures in sandstone. The works embrace both Buddhist and Hindu traditions.

MEXICO

MEXICO CITY Centro Cultural Arte Contemporáneo, tel: (5) 203-5947, closed Mondays. To May 24: "Joan Miró." On loan from the Centre Georges Pompidou in Paris, which is undergoing renovation. 20 paintings, 5 sculptures and 70 graphic works by the Spanish painter (1893-1983).

ZURICH Kunsthaus Zurich, tel: (1) 251-5755, closed Mondays. To May 10: "Von Ankerbis Zünd: The Art of the Young Confederation, 1848-1900." Soon after 1848, a new generation of Swiss artists developed, away from the romanticized depictions of the Alps: Bocklin, Koller, Hodler and Zünd, among others.

UNITED STATES Houston Three Houston museums collaborate to present a retrospective of 400 paintings, sculptures, drawings and photographs spanning the 50-year career of Texas artist Robert Rauschenberg (born 1925). To May 17: The Contemporary Arts Museum, tel: (713) 284-8250, closed Mondays. Examples of the technology series and performances. The Merrill Collection, tel: (713) 525-9400, closed Mondays and Tuesdays. Works from the late 1940s through the mid-1980s.

MUSEUM OF FINE ARTS, tel: (713) 638-7300, closed Mondays. Works from the 1980s to the present.

NEW YORK Solomon R. Guggenheim Museum, tel: (212) 423-8840, closed Thursdays. Continuing/To June 3: "China: 5,000 Years." Art works including recently unearthed archaeological discoveries, Neolithic jades, ancient bronzes, early porcelain, Buddhist sculpture and paintings, and calligraphy. The modern section of the exhibition continues to May 25 at the Guggenheim Museum SoHo, closed Mondays and Tuesdays. It explores the past 150 years, and documents the evolution of painting, from the traditional scrolls to the Socialist Realist painting that emerged after 1949 to contemporary variations.

WASHINGTON National Gallery of Art, tel: (202) 737-4215, open daily. Continuing/To March 1: "Lorenzo Lotto." A retrospective of the works of the Venetian Renaissance master (c. 1480-1556).

CLOSING SOON Feb. 15: "Turner on the Loire." Tate Gallery, London. Feb. 15: "Hyenas in Petticoats: Mary Wollstonecraft & Mary Shelley" and "Bruce Weber: Photographs National Portrait Gallery, London. Feb. 15: "Discovering the Italian Baroque: The Denis Mahon Collection." National Gallery of Scotland, Edinburgh. Feb. 15: "Marianne of Garmaria, 1789-1889: Un Siecle de Passions Franco-Allemandes." Petit Palais, Paris. Feb. 15: "Calder." Fundació Joan Miró, Barcelona. Feb. 15: "Picasso: Masterworks from the Museum of Modern Art." High Museum of Art, Atlanta. Feb. 15: "Farnsworth, Walter Bosshard: A Pioneer of Modern Photography." Kunsthhaus, Zurich.

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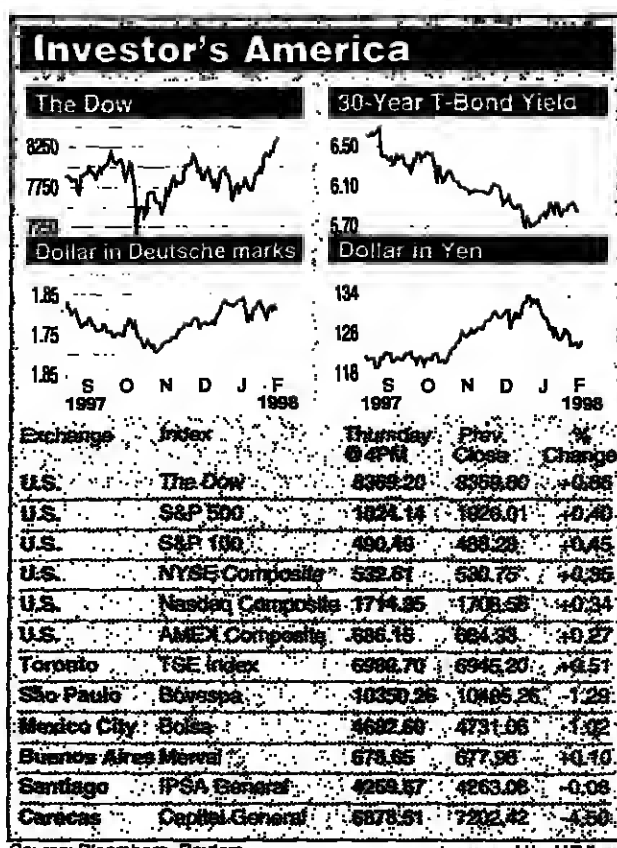
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Thursday's 4 P.M. Close
The 2,400 most traded stocks of the day.
Natl. market prices not reflecting late trades elsewhere.
The Associated Press.

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
			IBM	4.8	12.5	120	118	119.50	+1.50
			Microsoft	3.2	18.5	55	53	54.00	+1.00
			Apple	2.5	15.0	40	38	39.00	+1.00
			Oracle	3.0	14.0	35	33	34.00	+1.00
			Sun	2.8	13.0	30	28	29.00	+1.00
			Novell	2.0	12.0	25	23	24.00	+1.00
			Lotus	1.8	11.0	20	18	19.00	+1.00
			Intuit	1.5	10.0	15	13	14.00	+1.00
			Adobe	1.2	9.0	10	8	9.00	+1.00
			McAfee	1.0	8.0	8	7	8.00	+1.00
			VeriSign	0.8	7.0	6	5	6.00	+1.00
			Go.com	0.6	6.0	5	4	5.00	+1.00
			Excite	0.5	5.0	4	3	4.00	+1.00
			Hotmail	0.4	4.0	3	2	3.00	+1.00
			Comcast	0.3	3.0	2	1	2.00	+1.00
			Time Warner	0.2	2.0	1	0	1.00	+1.00
			AT&T	0.1	1.0	0	0	0.00	+1.00
			Verizon	0.0	0.0	0	0	0.00	+1.00
			Sprint	0.0	0.0	0	0	0.00	+1.00
			WorldCom	0.0	0.0	0	0	0.00	+1.00
			Qwest	0.0	0.0	0	0	0.00	+1.00
			Level 3	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
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			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
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			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
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			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
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			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0	0.0	0	0	0.00	+1.00
			Southwest	0.0	0.0	0	0	0.00	+1.00
			Delta	0.0	0.0	0	0	0.00	+1.00
			American	0.0	0.0	0	0	0.00	+1.00
			United	0.0					

THE AMERICAS



Very briefly:

• Morgan Stanley, Dean Witter, Discover & Co. will buy back up to \$3 billion worth of its stock, or 8.2 percent of the outstanding shares. The repurchase comes as the firm reported that 1997 profit rose 35 percent, to \$2.65 billion.

• May Department Stores Co. will buy back as much as \$650 million worth of its stock, and it reported a 3 percent increase in fourth quarter profit, to \$445 million on strong cost cuts and a 5 percent increase in revenue, to \$4.29 billion.

• Eastman Kodak Co. agreed to buy 51 percent of Picture Vision Inc., the nation's leading provider of digital imaging services that allow photos to be stored and sent over the Internet. Terms were not disclosed.

• Coca-Cola Co. widened its domestic lead over PepsiCo Inc. in 1997, as sales of Sprite rose at a double-digit pace. The soft drink giant's share of the estimated \$53 billion market rose 0.8 percentage point, according to a survey by Beverage Digest and an analyst, while PepsiCo's share fell 0.1 point.

• U.S. office vacancies fell to 9.9 percent at the end of 1997, against 12.1 percent a year earlier. CB Commercial Real Estate Services Inc. reported. The strong economy has led companies to add workers at a record rate, it said, pulling the vacancy level below 10 percent for the first time since 1981.

• Commercial Federal Corp. agreed to buy AmerUs Bank, a unit of insurer AmerUs Group Co., for \$200.9 in stock and cash, making it the fourth-largest bank in Iowa.

• Tele-Communications Inc., the No. 1 U.S. cable-TV operator, is increasing customers' monthly bills by 5 percent to 5.5 percent as of June, partly because of the National Football League's huge new television contracts.

• Breed Technologies Inc. is dismissing 25 percent of its 11,000 workers worldwide and taking a \$350 million pretax charge as it consolidates the nine companies it acquired in the last two years. The airbag maker posted a loss from operations of \$800,000 for the quarter ended Dec. 31, against a like profit of \$3.1 million a year earlier.

Dollar Gains on Yen As Tokyo's Stimulus Dismays Summers

Bloomberg News

NEW YORK — The dollar rose for a second day against the yen Thursday after Deputy Treasury Secretary Lawrence Summers said he was disappointed with Japan's efforts to revive its economy.

"The yen's recent strength was based on expectations that Japan's going to do something positive," said Keith Woodfin of Foreign Exchange Analytics. "Sentiment is swinging the other way, and the fears expressed by Summers just exacerbated that."

The dollar was at 124.51 yen in 4 P.M. trading, up from 123.51 yen on Wednesday.

Traders rushed to buy dollars after Mr. Summers said recent Japanese moves were insufficient.

"As a result," he said, "confidence in the outlook for the Japanese economy has deteriorated."

The dollar slipped to 1.8088 Deutsche marks from 1.8190 DM after reports showed the German economy improving and the U.S. economy losing steam.

Treasury Secretary Robert Rubin said the U.S. economy could face "very, very substantial" consequences if Asia's economic crisis worsened. Mr. Rubin issued his warning after meeting privately with members of the House Agriculture Committee.

The dollar slipped to 1.4538 Swiss francs from 1.4624 francs and to 6.0625 French francs from 6.0935 francs. The pound rose to \$1.6404 from \$1.6325.

Greenspan Helps Dow Set Another Record

Bloomberg News

NEW YORK — Stocks rose to a third consecutive day of records on Thursday, ending losses after Alan Greenspan, the Federal Reserve Board chairman, predicted that the Asian economic crisis would have limited impact on the United States.

The retailer Sears, Roebuck & Co. led the gains.

Stocks had fallen earlier after two days of records as slumping Asian markets renewed concern that weak currencies and economies in the region will cut U.S. company profits.

Mr. Greenspan's comments, along with a record low yield at the Treasury's auction of 30-year bonds, point to a scenario for growing company profits, investors said.

"We have an economy with a moderate growth rate, low inflation and low interest rates, and that tends to be a good environment for equities," said Joseph Stocke, senior investment manager at Meridian Investment Co.

The Dow Jones industrial average rose 55.05 points to close at a record 8,398.20.

The Standard & Poor's 500 index rose 4.13 points to 1,024.14, and the Nasdaq composite index gained 5.80 to 1,714.85.

Declining and advancing issues were evenly matched on the New York Stock Exchange.

Mr. Greenspan told the Senate Foreign Relations Committee that Asia's impact on the U.S. economy

should be limited, although it could get worse if Congress does not approve additional money for the International Monetary Fund.

Earlier, Treasury Secretary Robert Rubin had said the U.S. economy could face "very, very substantial" consequences if Asia's economic crisis worsened.

Even if Asia does slow, low interest rates and steady economic growth will give stocks a boost this year, some investors said.

"We're probably going to be O.K. this year," said Bob Wiley, a funds manager at Bank of America Capital Management in Seattle.

"If we get a scenario where there's a real weakening in the rate of economic growth, there's a large school of thought that would suggest the Fed would then ease" interest rates.

Informix, the most active stock in

U.S. trading, rose after the database software maker reported an unexpected profit in its fourth quarter. The company said it held down costs and benefited from higher sales.

Retailers such as Sears, Roebuck and Wal-Mart gained after the government reported sales rose 2.4 percent in the 12 months ended in January and an industry group predicted the strength would continue this year.

The benchmark 30-year U.S. bond fell 7/32 to 103 22/32, pushing its yield up 2 basis points to 5.86 percent.

The Treasury sold the new bonds at a yield of 5.822 percent, the lowest since the government began regular sales of the securities in 1977. The previous low yield at 30-year sales was 6.119 percent at the February 1996 auction.

Mutual-Fund Investors Pour Money Into Bonds

Bloomberg News

NEW YORK — The level of fresh investments in U.S. stock mutual funds last month was about two-thirds of what went into these funds in January 1997, while bond fund inflows were the highest since August 1993.

The Investment Company Institute said that a net of about \$18.5 billion was invested in stock funds last month, down from last January's record \$28.9 billion.

Last month marked the worst kickoff to a new year in terms of net new investments in equity funds since 1995, the ICI reported.

The industry trade group also reported Thursday that an estimated \$11.5 billion flowed to bond funds in January, compared with net inflows of just \$3.59 billion in the year-earlier period and up \$5.6 billion from December.

"The fall of long-term U.S. interest rates to historically low levels is driving a resurgence of interest in bond mutual funds to levels not seen in more than four years," said Gavin Quill, director of business analysis at Scudder Kemper Investments Inc. in Boston.

Bond fund inflows have slowed somewhat in February, Mr. Quill

said, while investments in international stocks funds at Scudder are the highest in almost four years as the Asian markets stabilize.

Scudder and T. Rowe Price Associates Inc. are reporting higher net inflows to stock funds this month than January, which is helping spur the U.S. equities market to record heights.

The Dow Jones Industrial Average and other benchmarks, including the Standard & Poor's 500 index, are all reaching records.

"This month, our equity fund inflows are running at higher rates than January while bond fund in-

flows are at more subdued rates," said Steven Norwitz, a spokesman at Baltimore-based T. Rowe Price Associates Inc.

The first six weeks of the new year tend to be when funds attract the most new investments as the highest number of 401(k) retirement plans are established and U.S. fund holders reallocate their savings plans.

Investors have been pouring money into stock funds for more than two years.

A record net \$231.29 billion was invested in equity funds last year, exceeding the previous high of \$221.6 billion in 1996.

Prudential Weighs Going Public

Bloomberg News

NEWARK, N.J. — Prudential Insurance Co. of America, the highest life insurer in the United States, said Thursday that it was considering becoming a publicly traded company to gain more access to financial markets and to speed its growth.

The 125-year-old insurer, following its rival, Equitable Cos., which demutualized in 1992, said it might become a company owned by shareholders instead of a mutual owned by policyholders.

Such a reorganization would "distribute the full value of the company," said its chairman and chief executive, Arthur Ryan.

Prudential, once called "The Rock" for its financial stability, lost its "AAA" credit rating and reputation as one of the nation's most admired companies following a huge government investigation in the 1990s.

The company admitted to billing brokerage and insurance customers, and agreed to pay more than \$1.4 billion to settle their claims.

Thursday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

Stock	High	Low	Open	Close
IBM	117.25	117.00	117.00	117.25
Microsoft	54.75	54.50	54.50	54.75
Apple	42.75	42.50	42.50	42.75
Oracle	37.75	37.50	37.50	37.75
Amazon	27.75	27.50	27.50	27.75
Yahoo	22.75	22.50	22.50	22.75
Google	17.75	17.50	17.50	17.75
Alibaba	12.75	12.50	12.50	12.75
Facebook	7.75	7.50	7.50	7.75
Twitter	2.75	2.50	2.50	2.75

AMEX

The 300 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

Stock	High	Low	Open	Close
AMEX	117.25	117.00	117.00	117.25
Microsoft	54.75	54.50	54.50	54.75
Apple	42.75	42.50	42.50	42.75
Oracle	37.75	37.50	37.50	37.75
Amazon	27.75	27.50	27.50	27.75
Yahoo	22.75	22.50	22.50	22.75
Google	17.75	17.50	17.50	17.75
Alibaba	12.75	12.50	12.50	12.75
Facebook	7.75	7.50	7.50	7.75
Twitter	2.75	2.50	2.50	2.75

U. S. STOCK MARKET DIARY

The 300 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

Stock	High	Low	Open	Close
AMEX	117.25	117.00	117.00	117.25
Microsoft	54.75	54.50	54.50	54.75
Apple	42.75	42.50	42.50	42.75
Oracle	37.75	37.50	37.50	37.75
Amazon	27.75	27.50	27.50	27.75
Yahoo	22.75	22.50	22.50	22.75
Google	17.75	17.50	17.50	17.75
Alibaba	12.75	12.50	12.50	12.75
Facebook	7.75	7.50	7.50	7.75
Twitter	2.75	2.50	2.50	2.75

INTERNATIONAL FUTURES

Feb. 12, 1998

High Low Last Chg Opt

Grains

SOYBEAN (CBOT)

Mar 98 54.00 54.00 54.00 54.00

Apr 98 54.00 54.00 54.00 54.00

May 98 54.00 54.00 54.00 54.00

Jun 98 54.00 54.00 54.00 54.00

Jul 98 54.00 54.00 54.00 54.00

Aug 98 54.00 54.00 54.00 54.00

Soybean Oil (CBOT)

Mar 98 22.00 22.00 22.00 22.00

Apr 98 22.00 22.00 22.00 22.00

May 98 22.00 22.00 22.00 22.00

Jun 98 22.00 22.00 22.00 22.00

Jul 98 22.00 22.00 22.00 22.00

Aug 98 22.00 22.00 22.00 22.00

Wheat (CBOT)

Mar 98 1.00 1.00 1.00 1.00

Apr 98 1.00 1.00 1.00 1.00

May 98 1.00 1.00 1.00 1.00

Jun 98 1.00 1.00 1.00 1.00

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May 98 54.00 54.00 54.00 54.00

Jun 98 54.00 54.00 54.00 54.00

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Soybean Oil (CBOT)

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Wheat (CBOT)

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Applicants Tarrying On Reforms, EU Says

By Peter S. Green
International Herald Tribune

Amid increasing concern that its Central European candidates are faltering in enacting reforms needed to join the European Union, the EU's joint man on eastward expansion, Mr. van den Broek, warned Poland on Thursday that it must act quickly to restructure its bloated industry and lower tariffs on EU goods.

During a two-day visit to Poland, Mr. van den Broek pledged more EU support in talks with Finance Minister Leszek Balcerowicz.

"We both agreed that we must now cooperate with the Polish government very intensively to guarantee that there is a restructuring plan on the table by the middle of this year," Mr. van den Broek said in Warsaw.

The soft language masked deeper concerns the EU has with all five of the countries it expects to admit in the next wave of its expansion, probably by about 2003.

The concern, officials in Brussels and Central Europe say, is that the Central Europeans, especially in Poland, the Czech Republic and Slovakia, are basking in the glow of favorable reports the European Commission issued in July, rather than pressing on with complex and often politically difficult reforms.

The EU's executive body decided in December to launch accelerated membership talks with the Czechs,

Peugeot Expects Loss for '97 Over Restructuring

Bloomberg News

PARIS — PSA Peugeot Citroën SA said Thursday it would post a net loss for 1997 because of efforts to reorganize its management and manufacturing.

The French carmaker said preliminary figures indicated a loss of 2.5 billion French francs (\$409.1 million) for last year, compared with a profit of 734 million francs for 1996.

Without one-time charges of 3.46 billion francs, net income would have reached 900 million francs in 1997, the company said.

Peugeot said it would give final figures March 25.

Operating income after one-time charges fell to 700 million francs from 1.7 billion francs in 1996. Sales rose to 186.8 billion francs from 172.7 billion francs in 1996.

The company said it took charges to cover its decision to merge management and manufacturing of its Peugeot and Citroën brands as well as to cover a loss on futures contracts and the costs of pulling out of a joint venture in India.

Peugeot shares fell 14 francs to 848. The announcement was made after the close of the stock market.

Philips, Reversing a Loss, Vows to Cut Costs Further

Compiled by Our Staff From Reuters

EINDHOVEN, Netherlands — Philips NV said Thursday it had returned to profit last year, and it pledged to continue its drive to re-build financial credibility in the wake of its earnings collapse in 1996.

Net profit in 1997 hit an all-time high of 5.73 billion guilders (\$2.7 billion), bolstered by one-time gains of 2.44 billion guilders, mainly from the sale of a stake in Taiwan Semiconductor Manufacturing Co. The company had a loss of 590 million guilders in 1996.

Profit from operations rose to 3.29 billion guilders, compared with an operating profit of 723 million guilders for 1996. Annual sales rose to 76.45 billion guilders from 69.20 billion in 1996.

Philips's share price rose 4.2 guilders, to 145 in Amsterdam. "Profit will surge because of restructuring, you'll see those figures coming through in the next two years," Jan Coen Baat, an analyst at Effectenbank Streeve, said, referring to earnings.

In the fourth quarter, Philips reported a net profit of 2.67 billion guilders, compared with a loss of 949 million guilders last year.

Fourth-quarter sales rose to 24.19

billion guilders from 21.41 billion. The company raised its 1997 dividend payment to 2 guilders per share from 1.60.

"Our aim was to restore confidence after 1996 and considerable progress has been made on a number of fronts," said Philips's president, Cor Boonsma.

Philips also said it would continue its cost-cutting drive to improve profitability. "We still see ample room for cost reductions," he said.

The company sounded a note of caution for the first half of the current year, especially for its operations in Asia and Brazil, where Philips predicts continuing weakness.

Philips predicted that weakening local demand would take its toll on Asian markets hit by recent financial turmoil, but it ruled out significant damage to overall earnings.

"Obviously we are monitoring the situation very carefully," the chief financial officer, Jan Hommen, said. He added that for now, "the impact has been negligible."

Less than 4 percent of its sales come from the nations hit by Asia's crisis — Indonesia, South Korea, Thailand, Malaysia and the Philippines. (Reuters, Bloomberg, AFP)

Investor's Europe

Frankfurt DAX	London FTSE 100 index	Paris CAC 40
4750	5700	3350
4500	5500	3200
4250	5300	3050
4000	5100	2900
3750	4900	2750
3500	4700	2600
1997	1997	1997
1998	1998	1998
Exchange Index	Thursday Close	Prev. Close
Amsterdam AEX	2,644.07	2,636.79 +0.68
Frankfurt DAX	4,588.43	4,528.76 +1.43
Copenhagen Stock Market	695.25	693.44 +0.28
Helsinki HEX General	3,735.88	3,694.83 +1.11
Oslo OBX	667.34	662.40 +0.75
London FTSE 100	5,607.90	5,613.30 -0.10
Madrid Stock Exchange	713.07	705.75 +0.89
Milan MBTEL	19892	19777 +0.58
Paris CAC 40	3,240.00	3,235.76 +0.13
Stockholm SX 16	3,511.05	3,488.88 +0.64
Vienna ATX	1,348.99	1,340.03 +0.67
Zurich SPI	4,303.42	4,282.29 +0.98

Very briefly:

- British Telecommunications PLC's third-quarter pretax profit rose 12 percent in £1.02 billion (\$1.67 billion) from a year earlier as the company benefited from a £238 million break-up fee from its aborted purchase of MCI Communications Corp. But BT said it was still eager to expand in the United States. BT also announced that Chairman Iain Vallance would work part-time from July 31.
- Royal KNP BV, a Dutch packaging maker and paper distributor, plans to sell the packaging business or spinning it off into a separately listed company. Its fourth-quarter profit rose 34 percent, to 123 million guilders (\$60 million).
- BICC PLC is selling its British construction and building-wire business to Delta PLC, which in turn is selling its power utilities, accessories and cables business to BICC. BICC will pay £5.2 million to make up the difference in the values of the businesses. The deal will result in 870 jobs cut in Britain.
- Martin Ebner, the Swiss investor who helped engineer the merger of Union Bank of Switzerland with Swiss Bank Corp., denied rumors that he had bought shares in Commerzbank AG, saying his BZ Group investment company would keep its combined 4 percent stake in Swiss banks for "at least" 18 more months.
- Den Norske Bank, Norway's biggest bank, said its pretax operating profit slid 4 percent in 1997, to 2.62 billion kroner (\$345.8 million) as it suffered losses on shipping investments, the turmoil in Asia, and a failed takeover of BNBank.
- Wittis Corroon Group PLC, the British insurance broker, said pretax profit rose 4 percent, to £95.5 million in 1997, but the company was downbeat about the current year, saying insurance rates were falling.
- Casino Guichard-Perrachon SA, a French food retailer, agreed to buy 75 percent of the Argentine supermarket chain Libertad SA for \$200 million.

Change to Euro Is Ripe for Criminals

By Carl Gewirtz
International Herald Tribune

PARIS — Although high technology is transforming the way illegal money gets laundered, experts warned European governments Thursday not to overlook the opportunities that such a low-tech event as the physical conversion of European currencies into the euro will offer to criminals.

For countries participating in the European Monetary Union, which is scheduled to begin next year, the physical change into the new currency is take place over the first six months of 2002.

That event, said experts of the

Financial Action Task Force on Money Laundering, will have to be carefully monitored to prevent criminals from exploiting it.

The meeting of experts, held at the Organization for Economic Co-operation and Development, did not spell out what the Europeans will need to do. The report simply stated that "further consideration must be given to the consequences of the conversion of European currencies into the euro."

But the thrust of the meeting was that criminal activity is going hi-tech and using unconventional routes to legitimate illegal funds through nonfinancial professionals such as lawyers, accountants,

notaries and sellers of high-value objects.

But no evidence was presented of how the new technology facilitates money laundering.

The features of this technology — the rapidity of transaction performance, the opportunities for anonymity, the absence of an audit trail and the withdrawal from traditional banking — make it a natural choice for criminals, the experts said.

"All that can be established at present is the fact that the necessary adaptation of controls to combat criminal activity has not kept pace with the industrialization of transactions," the report said.

Surging Sales of Network Equipment Help Net Profit Jump 23% at Nokia

Compiled by Our Staff From Reuters

HELSINKI — Nokia Group said Thursday that fourth-quarter profit rose 23 percent as demand for its network equipment soared, and profitability in its mobile-phone unit increased.

The Finnish company's profit rose to 2.02 billion markkaa (\$365 million) from 1.65 billion markkaa in the third quarter.

The company said it would raise its dividend to 7.5 markkaa per share from 5.5 and split each share into two. The company's stock price surged 5.6 percent, to 480.20 markkaa.

"The result was excellent," said Mika Heikkilä, a money manager with Arctos Fund. "Growth on the network side brings stability, while efficiency on the handset side is tremendous where new models will speed up sales."

Nokia is beefing up its networking unit, which sells equipment for transmitting calls between mobile phones, as it faces increased competition.

For all of 1997, operating profit in the mobile-phone unit rose 168 per-

cent, to 3.84 billion markkaa; the unit's operating margin — a measure of profit as a proportion of sales — more than doubled, to 13.9 percent.

Nokia said sales in some South-east Asian countries were "slower than anticipated" at the beginning of this year, but that did not have any "material impact" on fourth-quarter sales.

Nokia's chief executive, Jorma Ollila, said demand elsewhere had compensated for weakness in Southeast Asia. The Asia-Pacific region accounted for 23 percent of Nokia's sales in 1997, compared with 19 percent in 1996.

Nokia said it would continue to invest in Asian markets "with the aim of securing and strengthening our future market position."

Nokia would retain an annual sales-growth target of between 25 percent and 35 percent.

(Bloomberg, AFP, Reuters)

WORLD STOCK MARKETS

Thursday, Feb. 12
Prices in local currencies.

High Low Close Prev.

Amsterdam AEX Index: 2,644.07
Previous: 2,636.79

Frankfurt DAX Index: 4,588.43
Previous: 4,528.76

London FTSE 100 Index: 5,607.90
Previous: 5,613.30

Madrid Stock Exchange: 713.07
Previous: 705.75

Milan MBTEL: 19,892
Previous: 19,777

Paris CAC 40: 3,240.00
Previous: 3,235.76

Stockholm SX 16: 3,511.05
Previous: 3,488.88

Vienna ATX: 1,348.99
Previous: 1,340.03

Zurich SPI: 4,303.42
Previous: 4,282.29

Oslo OBX: 667.34
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NASDAQ

Thursday's 4 P.M.
The 1,000 most traded National Market securities
In terms of dollar value, updated twice a year.
The Associated Press.

[illegible][illegible][illegible][illegible][illegible]

1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
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NYSE

Thursday's 4 P.M. Close
(Continued)

[illegible][illegible]

12 Month	High	Low	Stock	Div Yld	P/E	1853 High	Low	Latest	Crye
144	100	90	ROC Pd	120	13	1012	978	990	990
145	100	90	ROC Pd	120	13	1012	978	990	990
146	100	90	ROC Pd	120	13	1012	978	990	990
147	100	90	ROC Pd	120	13	1012	978	990	990
148	100	90	ROC Pd	120	13	1012	978	990	990
149	100	90	ROC Pd	120	13	1012	978	990	990
150	100	90	ROC Pd	120	13	1012	978	990	990
151	100	90	ROC Pd	120	13	1012	978	990	990
152	100	90	ROC Pd	120	13	1012	978	990	990
153	100	90	ROC Pd	120	13	1012	978	990	990
154	100	90	ROC Pd	120	13	1012	978	990	990
155	100	90	ROC Pd	120	13	1012	978	990	990
156	100	90	ROC Pd	120	13	1012	978	990	990
157	100	90	ROC Pd	120	13	1012	978	990	990
158	100	90	ROC Pd	120	13	1012	978	990	990
159	100	90	ROC Pd	120	13	1012	978	990	990
160	100	90	ROC Pd	120	13	1012	978	990	990
161	100	90	ROC Pd	120	13	1012	978	990	990
162	100	90	ROC Pd	120	13	1012	978	990	990
163	100	90	ROC Pd	120	13	1012	978	990	990
164	100	90	ROC Pd	120	13	1012	978	990	990
165	100	90	ROC Pd	120	13	1012	978	990	990
166	100	90	ROC Pd	120	13	1012	978	990	990
167	100	90	ROC Pd	120	13	1012	978	990	990
168	100	90	ROC Pd	120	13	1012	978	990	990
169	100	90	ROC Pd	120	13	1012	978	990	990
170	100	90	ROC Pd	120	13	1012	978	990	990
171	100	90	ROC Pd	120	13	1012	978	990	990
172	100	90	ROC Pd	120	13	1012	978	990	990
173	100	90	ROC Pd	120	13	1012	978	990	990
174	100	90	ROC Pd	120	13	1012	978	990	990
175	100	90	ROC Pd	120	13	1012	978	990	990
176	100	90	ROC Pd	120	13	1012	978	990	990
177	100	90	ROC Pd	120	13	1012	978	990	990
178	100	90	ROC Pd	120	13	1012	978	990	990
179	100	90	ROC Pd	120	13	1012	978	990	990
180	100	90	ROC Pd	120	13	1012	978	990	990
181	100	90	ROC Pd	120	13	1012	978	990	990
182	100	90	ROC Pd	120	13	1012	978	990	990
183	100	90	ROC Pd	120	13	1012	978	990	990
184	100	90	ROC Pd	120	13	1012	978	990	990
185	100	90	ROC Pd	120	13	1012	978	990	990
186	100	90	ROC Pd	120	13	1012	978	990	990
187	100	90	ROC Pd	120	13	1012	978	990	990
188	100	90	ROC Pd	120	13	1012	978	990	990
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195	100	90	ROC Pd	120	13	1012	978	990	990
196	100	90	ROC Pd	120	13	1012	978	990	990
197	100	90	ROC Pd	120	13	1012	978	990	990
198	100	90	ROC Pd	120	13	1012	978	990	990
199	100	90	ROC Pd	120	13	1012	978	990	990
200	100	90	ROC Pd	120	13	1012	978	990	990

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ASIA/PACIFIC

Merrill Gets Ready For Japan 'Big Bang'

Compiled by Our Staff From Dispatches

TOKYO — Merrill Lynch & Co. presented its plans Thursday for a retail brokerage business in Japan, a move expected to fuel competition as the country rolls toward its "Big Bang" financial deregulation.

Merrill will be the first foreign firm to enter the Japanese retail brokerage market.

Analysts said Japanese houses would feel the pinch, particularly as the move could signal a fall in income from commissions, on which the Japanese firms rely heavily.

The new firm, Merrill Lynch Securities Japan, plans to hire as many as 2,000 employees of the failed Yamaichi Securities Co. and to occupy offices currently housing Yamaichi operations.

The fully owned subsidiary will primarily serve retail investors and could be ready to open its doors for business by June, pending approval from the Finance Ministry.

While Merrill's intention to build a domestic brokerage chain out of the rubble of Yamaichi has been widely reported for months, the announcement Thursday was the first

time the company had offered details of the plan, which is increasingly seen as emblematic of the deregulation expected in coming months. Japan's push for financial deregulation begins April 1, the start of the new business year.

Merrill's strategy of targeting retail investors, long the exclusive domain of Japan's big brokerages, breaks with the traditional approach to the Japanese market by foreign brokerages, which is to focus on corporate clients.

But Winthrop Smith, chairman of Merrill Lynch International, said the new company would be successful as Japanese investors, aware of changes in the regulatory environment, looked to maximize investment returns.

Mr. Smith said the Japanese unit could be profitable in about three years, and that most of the \$200 to \$300 million the brokerage expects to use to capitalize the new firm would be for payroll expenses.

He said all of Yamaichi's 7,500 employees had been invited to apply for positions at the new firm and that no employee would be asked to take



Winthrop Smith, the chairman of Merrill Lynch International.

a pay cut to join the company.

Ronald Strauss, chief operating officer of Merrill Lynch International, will become president and chief operating officer of the new company.

Merrill already has 1,000 staff in Japan, operating corporate and institutional accounts, and is the leading foreign underwriter of yen-denominated bonds.

Japan's economy and stock mar-

ket have been buffeted by a downturn for most of this decade. Merrill characterized its move into the world's second-largest economy as a long-term commitment.

Yamaichi, Japan's fourth largest brokerage, collapsed in November with debts estimated at \$29 billion. It was the country's biggest business failure since World War II.

(Reuters, AFP)

Indian Firms Plan Merger In Cosmetics

Bloomberg News

BOMBAY — Hindustan Lever Ltd. said Thursday it would join forces with Pond's (India) Ltd. and buy out its partner in another cosmetics venture, giving it more products, managers and technology to cash in on the growing wealth of the Indian consumer.

The terms of the merger of the companies — each of which is 51 percent owned by the British-Dutch food and cosmetics company Unilever NV — have not been decided.

Hindustan Lever, India's largest soap and cosmetics maker, also announced that its profit rose 35 percent last year, to 5.6 billion rupees (\$144.6 million) as sales rose 18 percent, to 78.2 billion rupees.

"We understand the Indian consumer better than anyone else," said K. B. Dadisetti, chairman of Hindustan Lever.

Share prices in both companies rose. Pond's stock price finished 56.00 rupees higher, at 1,022.00, and Hindustan Lever shares rose 5.00 rupees, to 1,383.00.

"It's good for shareholders," said Deyvesh Kumar, head of research at ABN Amro Hoare Govett India Securities Ltd. "It's in line with the global trend of merging small businesses into big ones to meet emerging competition."

Hindustan Lever also raised its stake in Lakme Lever Ltd. to 100 percent from 50 percent by buying out Lakme Ltd.'s stake in the cosmetics joint venture for 2 billion rupees.

The purchase will give Hindustan Lever control of Lakme's cosmetics brands. Hindustan Lever will also pay to acquire two of Lakme's factories in western India for a price to be decided later.

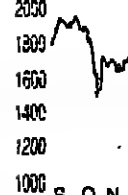
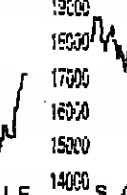
"The employees of these undertakings will enjoy continuity of service and full protection of their existing terms and conditions," Lakme said in a news release.

Hindustan Lever and Lakme set up the joint venture three years ago. Hindustan Lever's sales of soaps and detergents climbed 15 percent, to 33.60 billion rupees in 1997. Its personal product sales, including toothpaste, shampoo and cosmetics, rose 47 percent, to 8.84 billion rupees.

Exports rose 25 percent, to 11.52 billion rupees, but the company said growth could slow this year because of the economic problems of some Asian countries.

(Reuters, AFP)

Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
15500	2050	12000			
14000	1800	10500			
12500	1600	17000			
11000	1400	16500			
9500	1200	15000			
8000	1000	14000			
1997	1997	1997			
	1998	1998			
Exchange	Index	Thursday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	10,793.41	10,859.87	-0.61	
Singapore	Straits Times	1,621.25	1,602.97	+1.14	
Sydney	All Ordinaries	2,678.00	2,666.00	+0.37	
Tokyo	Nikkei 225	Closed	17,205.09		
Kuala Lumpur	Composite	739.87	742.57	-0.36	
Bangkok	SET	Closed	524.52		
Seoul	Composite Index	520.14	541.77	-3.98	
Taipei	Stock Market Index	8,713.42	8,567.95	+1.71	
Manila	PSE	2,218.32	2,078.87	+6.71	
Jakarta	Composite Index	447.61	5,177.01	-5.81	
Wellington	NZSE-40	2,283.94	2,253.21	+1.36	
Bombay	Sensitive Index	3,292.91	3,317.70	-0.75	

Source: Telukars

International Herald Tribune

Very briefly:

• The International Monetary Fund said it would relax a key condition of Bangkok's bailout amid concern that the program was hampering the economy's recovery. Thailand will be allowed to have a budget deficit of 1 percent to 2 percent of gross domestic product in the year ending Sept. 30, instead of having to achieve a surplus of 1 percent of GDP.

• Taiwan and China have shifted their politically sensitive talks on cross-strait shipping to Bangkok from Hong Kong to dodge the media limelight, Taiwan officials said.

• Moody's Investors Service Inc. is considering raising the ratings of major Japanese consumer electronics makers, given the high potential of next-generation television sets with information equipment. Matsushita Electric Industrial Co. Ltd., Hitachi Ltd., Sony Corp., Sharp Corp., Toshiba Corp. and Mitsubishi Electric Corp. have the resources to enter the next-generation TV market, it said.

• A former senior Japanese Finance Ministry official is being sued by an art dealer demanding the return of 200 million yen (\$1.62 million) in commissions. The suit is against former Banking Bureau chief, Hiromi Tokuda, 75, who arranged for the sale of Renoir paintings, Rodin sculpture and other pieces to Takefuji, a finance company.

• Malaysia received the support of a panel of high-tech executives meeting to advise the country on its multimedia zone, with at least two companies pledging fresh investment.

• Shanghai wants to attract more large-scale chemical and petrochemical projects through the construction of a new industrial zone, Mayor Xu Kuangdi said.

• China's urban unemployment rate is about 7 percent, or double official figures, when idled workers sent home from ailing factories are counted, the Press Digest said.

• Australia's jobless rate stalled at 8.2 percent in January, with the creation of just 2,400 jobs during the month.

• Foreign investors bought a net \$2.8 billion yen (\$5.1 billion) in Japanese securities in December, reversing net selling of 875 billion yen the previous month, the Finance Ministry said.

AFP, Reuters

Derivatives in Asia: Whose Risk?

Bloomberg News

SEOUL — South Korea and Wall Street may be on a collision course over a hidden side to Asia's currency crisis: derivatives.

A Seoul court this week temporarily blocked a \$180 million payment due to J.P. Morgan & Co. after a South Korean brokerage said the U.S. bank had failed to warn it about the risks of investing in currency derivatives.

The injunction raises questions for foreign bankers here: Will companies honor contracts they entered into before currencies tumbled? More importantly, will the courts?

"It scares the hell out of me," said Dick Van Dem Ham, the country head at ABN-AMRO Bank in Seoul. "You don't have any legal certainty anymore."

To some bankers, the ruling suggests South Korea may backpedal on promises to liberalize its economy and financial markets in exchange for \$60 billion in emergency credit arranged by the International Monetary Fund.

The dispute comes less than a month after creditor banks crafted an agreement to restructure as much as \$24 billion in short-term South Korean bank debt. J.P. Morgan is one of those banks.

As South Korea and other Asian countries slide into recession, other financial transactions may wind up in court, bankers and lawyers said. If so, many companies and investors may be reluctant to put their money in Asia.

J.P. Morgan's dispute with SK Securities may be the tip of an iceberg. A lawyer in Seoul said Thursday that he was working on several cases involving companies that had signed currency derivatives contracts with international banks.

"The legal system is a problem across the region," said Daniel Hemmatt of Guinness Flight in London. "Unless it is greatly strengthened, it's hard to see the aggressive resumption of foreign lending, which Asia obviously needs pretty badly."

Bankers are understandably reluctant to talk about the possibility that

other derivatives contracts they made with South Korean clients may be coming due with losses. But they concede that the derivatives markets in South Korea, and throughout Asia, are potential minefields now that Asian currencies have collapsed.

A year ago, investment bankers eagerly pitched derivatives to South Korean companies. With benchmark Japanese interest rates at 0.5 percent, it made sense to sign contracts that would allow investors to borrow in yen and invest in higher-yielding Asian currencies, many of which were linked to the dollar until last year.

"It's not an accident that a lot of derivatives got sold in Korea," said John Ellis, head of the Asia derivatives desk at Bank of America in Hong Kong. "It was as good as lending money."

South Korean firms and some analysts who cover them suggest that investment bankers were quicker to tout the benefits of a derivatives contract than they were to lay out the possible risks. That is the crux of the complaint by SK Securities.

Trade Surplus Soars for Japan

Compiled by Our Staff From Dispatches

TOKYO — Japan's surplus in trade of goods and services soared 60 percent in 1997, fanning speculation that Washington would increase pressure on Tokyo to take measures to raise domestic demand, economists said Thursday.

The current-account surplus rose to 11.44 trillion yen (\$92.63 billion) in 1997, the Finance Ministry said.

Exports rose steadily because of the weakness of the yen, while growth in imports slowed because of sluggish demand, the Finance Ministry said.

"The G-7 meeting is coming up, and I'm sure the U.S. side will put pressure on Japan to increase imports," said Mamoru Yamaguchi, an economist at Nikko Research Center. He was referring to a Feb. 21 meeting of finance ministers from the Group of Seven leading industrial nations.

(Reuters, AFP)

SCENE: The Going in the Asian Near Term May Be Rough

Continued from Page 15

which in other ways is going well. They could also devastate the balance sheets of Western banks with large exposure to Indonesia's \$70 billion private sector debt.

Meanwhile, the turnaround in Asian trade data should be a big worry elsewhere. South Korea is now running trade surpluses. But exports in dollar terms remain almost flat. The improvement has been almost entirely because of a collapse in imports — down 40 percent in January.

It is much the same story in Thailand. Exports should in theory pick up as the benefits of a weaker currency take effect. But even export industries are being hurt by shortages of cash or credit to finance raw material imports.

For a world haunted by the specter of

deflation, the Asian import collapse is more troublesome than an Asian export boom. Japan's latest stimulations may offset contraction elsewhere, but that is still an "if." China has slashed its export growth targets for 1998, and further downward revisions look likely.

Local storms yet to be unleashed, meanwhile, could well be brewing in Hong Kong and Malaysia. The size of domestic debt, a surge in real interest rates, a huge fall in asset prices, sudden contraction in loan growth, and regional investment losses could easily add up to bankruptcies on a scale similar to that of the early 1980s.

Hong Kong's currency peg should hold for now, but the deflation of mountainous asset prices and uncompetitive prices for much else has barely begun. Hong Kong is still only six months away from its asset price peak. Assuming the

peg to the dollar stays, the bottom could easily be 18 months away. If the peg goes, the pain would be greater, but of shorter duration.

Rumors of black holes in the commercial paper and derivatives markets abound in the region generally.

It is hard to imagine that there are not more Perestroika out there. The Hong Kong investment bank went under quickly because its exposure to worthless Indonesian commercial paper was well known. Banks, however, can mostly cover up loans problems for a while, hoping that markets will turn in time to save them. They usually do not, as Japan can testify.

The long term outlook remains bright. Asia now presents remarkable buying opportunities. But in the near term, more pain than gain is in the cards.

REUTERS: In Battle With Bloomberg, an Investigation Hurts

Continued from Page 15

terminal. Reuters 3000, on which its growth depends. Executives also sought to reassure analysts and institutional investors at meetings in London and New York on Wednesday and Thursday.

In an interview published in The Wall Street Journal on Thursday, Chief Executive Peter Job said he had no knowledge of any wrongdoing but added it was "possible" that employees of the U.S. unit, Reuters Analytics, might have committed crimes. He acknowledged Bloomberg's lead in bond coverage and said Reuters tried to compare its products with those of its competitors, but he insisted that was legal.

"If in the course of doing comparative analyses, and trying to improve our products and services, we have improperly used certain Bloomberg proprietary information, then we, as an ethical company, will take appropriate steps to fix the problems," he said.

The charm offensive appeared to be

paying off. Reuters shares rose 14 pence Thursday to 590. That is up from a low of 520 pence last week but still down from the level of 636 pence before news of the investigation broke late last month.

"We think the market overreacted to the news" of the investigation, said Simon Baker, an analyst at Teather & Greenwood.

Still, Reuters faces an uphill battle to maintain its share of the \$5.8 billion worldwide market for financial market news. According to the most recent statistics from Waters Information Services, a New York research firm, Reuters's revenues from financial news services rose 7 percent, to \$2.25 billion in 1996, while Bloomberg's revenues surged 30 percent, to \$918 million from only 70,000 installed terminals.

The swift pace of change in the industry is exemplified not only by Bloomberg's rapid ascent in recent years but by the implosion at Dow Jones & Co. That company, which publishes the Wall Street Journal, took a whop-

ping \$922.5 million charge Monday to write down the value of its unprofitable Dow Jones Markets division, the former No. 2 financial news service provider.

While some analysts praise the Reuters 3000 terminal, which aims to match Bloomberg in its ability to analyze historical bond- and stock-market trends, it has been plagued by problems. The company installed just under 28,000 terminals in 1997, short of its target of 30,000, and the product is still undergoing tests in the vital U.S. market.

Bloomberg also has shown its nimbleness in other ways. The company won kudos from London's pinstripe brigade recently for offering to provide a free terminal at home for 60 days to any investment banker laid off as a result of the merger wave that is shaking up the financial-services industry. "The fact that they offered that stuck in my mind," said an economist at one major investment bank, who spoke on condition of anonymity. "That's a great marketing initiative."

MERCEDES: Asia Loses Its Lease on Status-Symbol Car

Continued from Page 15

ing garage into what is known as the Market of the Formerly Rich.

Shoppers can buy secondhand Mercedes cars and other prestigious marques at bargain prices. Also for sale: used jewelry, fur coats, golf clubs and a single-engine Cessna aircraft, parked right in the middle of Bangkok.

The president of the dealership, Wasun Potipimpanon, rides around the capital in a flashy symbol of the good old days: a stretch Mercedes limousine.

Speaking on a mobile phone from his E-class model, Mr. Wasun said sales of Mercedes had reached the bottom in Thailand.

The market of the boom years, he added, was "abnormal."

"The market normally should be

around 7,000 to 8,000 units," he says, a level, he estimated, that would now take about three years to reach.

For the company that owns Mercedes, Daimler-Benz AG, the decline in numbers probably will not hurt that much, analysts said.

Asian sales, including Japan, accounted for 11.8 percent of its car sales in 1996, according to Klaus-Juergen Melzner, an auto industry analyst at Deutsche Bank AG in Frankfurt.

Assuming a "worst-case scenario" of a 50 percent drop in sales across the Asian market, he said, Daimler-Benz's total vehicle sales, including trucks, would fall 4 percent and its revenue would fall 2 percent.

"To be honest, a couple of thousands up and down in those markets are really outweighed by very good developments

in other markets," said Eckhard Zanger, a Daimler-Benz spokesman in Stuttgart. The company registered double-digit sales growth in North America last year, he said.

But volume is not where Daimler makes its money in Southeast Asia, according to analysts. The company can charge more for its cars in Asia.

"Margins in Asia are much wider than they find in America and Europe, where things are much more competitive," Mr. Dunne said. "And Mercedes, although it's a prestigious marque in North America and in Europe, doesn't carry as much weight as it does here in Asia, where Mercedes is everything for the wealthy elite. It's the pinnacle of image and success."

John Schmid in Frankfurt contributed to this article.

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questions supplied: (d) - daily; (w) - week; (b) - bi-monthly; (f) - fortnightly; (r) - regularly; (t) - twice weekly; (m) - monthly.

Life sciences



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WORLD ROUNDUP

Dallas Hires Coach

FOOTBALL The Dallas Cowboys hired Chan Gailey, the Pittsburgh Steelers offensive coordinator, as head coach Thursday. He succeeds Barry Switzer, who resigned at the end of last season.

"This is the beginning of the dream," Gailey said. "Another part of that dream is that we get to stand on that podium some late January afternoon and have a hand on that Lombardi Trophy. 'The end of the dream, the final dream,' he said, would be for the team to be 'champions with class, dignity and character.'"

"That's what I'm about," he said.

The Cowboy owner, Jerry Jones, had never met Gailey before Sunday, but they clicked quickly.

"In the end, after all the homework was done, the image of our next coach came very, very clear," Jones said. (AP)

Kiwis Beat Australia

CRICKET Stephen Fleming, the New Zealand captain, hit an unbeaten 111 Thursday to guide his team to a seven-wicket victory over Australia in Napier, New Zealand, in the third one-day international of a four-game series.

Fleming scored his runs off 137 balls as the Kiwis, chasing 236, reached 240 for three with 10 balls to spare. Australia batted first and made 236 all out in 49 overs. Chris Cairns, the New Zealand bowler, took five wickets for 42 runs. Australia leads, 2-1. (Reuters)

Freeman Seeks Peace

ATHLETICS Cathy Freeman, the world 400 meters champion, plans to move to London because of the demands being placed on her in the build-up to the Sydney 2000 Olympics, Nick Bideau, her manager said Thursday. Freeman, an Australian aborigine, wants to move so she can train in peace, Bideau said. (Reuters)

Kiefer Upsets Muster

TENNIS Nicolas Kiefer knocked out Thomas Muster, the defending champion, in the second round of the Dubai Open on Thursday.

The German, ranked No. 26 in the world, frustrated the seventh seed, 7-6, 6-4, with aggressive serves and volleys. The first set was evenly matched, but Muster lost touch as the match progressed, making many unforced errors.

"I attacked forward throughout the match, which I think upset his rhythm," Kiefer said.

On Wednesday in San Jose, Andre Agassi showed the power and focus that once earned him three grand slam titles as he laid waste French Open champion Gustavo Kuerten, 6-3, 6-1, in the second round of the Sybase Open. Second seed Michael Chang beat George Bastl, 7-5, 6-3. (Reuters)



Andre Agassi serving to Gustavo Kuerten in San Jose.



Hassan Gabsi of Tunisia, left, heading the ball despite the attentions of Munbada Kisombe of Congo.

Tunisian Substitute Sinks Congo

Compiled by Our Staff From Dispatches

OUAGADOUGOU, Burkina Faso — Ziad Tlemcani was the unlikely match winner as Tunisia beat Congo, 2-1, in African Nations Cup Group B on Thursday.

The veteran striker, dropped after Tunisia lost to Ghana on Monday, came on as a substitute and then scored.

Congolese defenders stood still expecting an offside whistle and Tlemcani ran through unopposed to place the ball low past goalkeeper Nkombe Tokala.

Tunisia is tied with Ghana and Congo at the top of the group.

Faouzi Rouissi of Tunisia wasted a penalty kick before Mehdi Ben Slimane gave Tunisia the lead in the 31st minute, when he hooked a Tarek Thabet pass into the corner of the goal.

Okintankoyi Kimoto, a fullback, leveled five minutes later. A pass from captain Ekanza Simba was deflected into Kimoto's path and he drilled the ball past Ali Boumijel.

It was an unconvincing performance

by Tunisia, which has qualified for the World Cup finals. Tunisia's star mid

WORLD SOCCER

fielder, Zoubir Beya, once again disappointed and was replaced by Kais Godhbane early in the second half.

On Wednesday night, host Burkina Faso beat Algeria, 2-1, in a Group A match in Ouagadougou.

Substitute Kassoum Ouédraogo gave the host the lead in the 65th minute with a penalty. An opportunistic goal in the 77th minute from Seydou Traore made it 2-0. Moussa Saïd scored for Algeria with a penalty kick in the 80th minute.

ITALY Juventus and Inter Milan both squandered 1-0 leads and had to settle for 1-1 draws in Serie A matches Wednesday.

Striker Filippo Inzaghi gave Juve the lead against Brescia shortly after half-time. But Alberto Savino headed his first goal in Serie A to give the home team, which is near the bottom of the

league, a valuable point.

In Florence, Inter took the lead through Ronaldo, who appears to have rediscovered his scoring touch after a barren spell. He fired a free kick into the bottom corner of the Fiorentina goal after 26 minutes. Gabriel Batistuta leveled for Fiorentina before half time with his 15th league goal of the season.

Nwankwo Kanu, who joined Inter in 1996 but has had heart problems, played his first league game for the club.

FRANCE Lens let slip a chance to go top of the French first division when it lost, 2-1, Thursday to Chateauroux.

Stephane Dalmat scored for Chateauroux, which is near the bottom of the division, into the lead a minute before half time. Striker Laurent Dufresne scored the second in the 58th minute.

NETHERLANDS Boudewijn Zenden scored twice as PSV Eindhoven beat Utrecht, 4-1, on Wednesday and closed the gap on Ajax Amsterdam, which was playing in the Dutch Cup.

PSV suffered an early setback when the Scottish striker Scott Booth, on loan from Borussia Dortmund, thrust Utrecht ahead in the 18th minute.

Ajax beat Roda JC Kerkrade, 5-0, Wednesday in the cup. It visits Eindhoven on Sunday for a league match.

ENGLAND Marcelo Salas scored twice as Chile beat England, 2-0, at Wembley, London, in a friendly international.

Salas, 23, the South American Player of the Year put Chile ahead after 44 minutes with an impressive goal. He controlled a long pass from Jose Sierra with his left thigh while on the run. Before the ball could hit the ground he had driven it past Nigel Martyn, the England goalie. Salas scored the second from a penalty kick after he had been fouled by Sol Campbell.

Salas flew to Rome on Thursday to complete his \$18 million transfer from River Plate to Lazio. (APF, Reuters)

Africa Backs Johansson

Africa's ruling soccer body announced Thursday that it would support Lennart Johansson, the president of UEFA, which governs European soccer, in his campaign to become president of FIFA, the governing body of world soccer. The Associated Press reported from Ouagadougou.

The Confederation of African Football released a statement saying it would support Johansson as a replacement for Joao Havelange who has said he will retire after this year's World Cup.

Gullit Hears Through Media That Chelsea Has Fired Him

Agence France-Presse

LONDON — The London soccer club Chelsea surprised the soccer world on Thursday by replacing player-manager Ruud Gullit with Gianluca Vialli.

Gullit, who brought Chelsea its first trophy since 1971 with a victory in last year's FA Cup final, seemed more surprised than anyone, and he sharply contradicted the club's version of events.

According to Chelsea chairman Ken Bates, Gullit, whose contract was to expire June 30, had refused to sign a new deal despite long talks. "I am personally very sorry that he has gone, but at the end of the day you have to face facts, and his wage demands were way beyond our means," Bates said.

Gullit said: "I was astonished to find out from the media that I have been replaced as Chelsea coach by Gianluca Vialli."

Colin Hutchinson, the managing director of Chelsea, said that he had been unable to inform Gullit about his replacement by Vialli because Gullit, a former international player for the Netherlands, had "brought the lunchtime meeting to an abrupt end."

But Gullit said: "I was only asked to attend one meeting in the last six months to discuss the future. This meeting took place on Thursday, Feb. 5, when Colin Hutchinson and myself talked very amicably about a new two-year extension to my contract."

"At no time during my discussion was there any doubt in my mind that I would re-sign. In fact, I specifically told anyone who asked that I would sign a new deal after more talks — there were no more talks."

Hutchinson said that while the team was "prepared to give Ruud a contract which we believe would have made him the best paid manager in the Premiership, we were not able to meet what he wanted and expected."

Vialli said that he was still in shock but he was looking forward to the challenge. "I am amazed and delighted but I think I am cut out for the job," he said.

The Italian striker faces a baptism of fire: Chelsea faces a League Cup semi-final second-leg match with Arsenal, which leads 2-1, and a Cup Winners' Cup quarterfinal with the Spanish team Real Betis at the beginning of March.

PGA Tour Must Allow Disabled Golfer a Cart

Judge Rules in Favor of Casey Martin After Rejecting Play Fatigue Defense

By Thomas Heath
Washington Post Service

EUGENE, Oregon — A judge has ruled that the Professional Golfers' Association Tour must make an exception to its ban on motorized carts in tournament play so that the disabled golfer Casey Martin can compete, ending a court case that provoked a national debate over the rights of the disabled.

Martin, 25, who was present in the courtroom during his one-week, non-jury trial against the PGA Tour, hugged his lawyers when Judge Thomas Coffin announced his ruling Wednesday.

Judge Coffin rejected the Tour's defense that walking is integral to the highest levels of Tour competition and that any exception to the no-cart rule would give one player an advantage over another.

Walking "is not significantly taxing," Judge Coffin said. "Walking, like breathing, is natural."

The fatigue factor Martin experiences "is easily greater than the fatigue experienced by individuals who walked the course."

PGA Tour Commissioner Tim Finchem said the Tour would abide by Judge Coffin's decision while it prepared to appeal the case to the 9th U.S. Circuit Court of Appeals, based in San Francisco. The Tour has not decided if the option to use a cart will be extended to all golfers on the Tour.

"We believe firmly in the basic premise of any sport, that one set of rules must be applied equally to all competitors," Finchem said Wednesday in a statement. "Additionally, we believe strongly in the central role walking plays for all competitors in tournament championship golf." He said the Tour believed that the Americans With Disabilities Act "was not designed or intended to apply to competitors in professional sporting events, including professional tournament golf."

At a news conference after the ruling, Martin said, "I hope 5 to 10 years from now, if I'm still able to play golf, the PGA will lean back and scratch their heads and say, 'Why did we fight this guy?' I realized if I win, it would open the way," he said, breaking down in tears. "That's something to feel good about."

Martin was born with Klippel-Trenaunay-Weber syndrome, a circulatory disorder, in his right leg. His condition has deteriorated to such a degree that he suffers great pain if he plays golf without a cart.

The native of Eugene sued the Tour in federal court here under a provision of the 1990 Americans With Disabilities Act to force the Tour to lift its ban against golf carts on the PGA and Nike tours.

The PGA Tour is the sport's highest level of competition, with approximately 200 golfers competing for a total of \$90 million in prize money during 42 events over a year. Martin competes on the Nike Tour, a PGA satellite circuit.

Decision Puts the Sport On an Uncharted Course

By Clifton Brown
New York Times Service

Golf has only begun to feel the ramifications of Casey Martin's victory in court.

When Martin competes in the Nike Greater Austin Open next month in Texas, it will surely be the most-watched, most-covered, and most-talked-about Nike Tour event in history. Meanwhile, golfers on both the PGA Tour and the Nike Tour, whether they supported Martin in his lawsuit or not, will have to deal with whatever changes Martin's victory brings.

While many things remained uncertain, several things were clear. Martin will now compete on the Nike Tour with a cart, and many people who have watched him play believe he has the talent to qualify for the PGA Tour next season. The top 15 money winners on the Nike Tour this year automatically qualify for next year's tour. And three victories on the Nike Tour mean an automatic PGA Tour card for next year.

Meanwhile, many questions remained. Will other golfers with medical problems now challenge the PGA Tour for the right to use a cart? Will the PGA Tour eventually come to the conclusion that it no longer pays to fight Martin and drop its plans to appeal, or will the tour continue to battle Martin in the courts, even if the process takes several years? If Martin is successful on the Nike Tour, will some of his competitors feel that he has an unfair advantage?

Questions like that will now be debated, forcing the people who run golf to make some tough decisions. And while Martin is not on the PGA Tour yet, he hinted that he may compete in a PGA event this year if a sponsor offers him an exemption.

"I'm not going to seek any exemptions, but if somebody comes to me to play, I'd be hard-pressed to say no," said Martin. "I haven't quite decided."

Several tour players apparently have

Judge Coffin issued a temporary injunction in November that allowed the former NCAA second-team all-American golfer from Stanford to use a cart pending the trial.

Advocates for the disabled said the unusual circumstances of the case made it difficult to gauge whether it would have a broad impact for other golfers. Rather, they said the case's significance lay in the fact that it made the Americans With Disabilities Act the subject of a national discussion.

"Casey Martin put the ADA on page one," said Gary Phelan, a disability law expert. "He sent a message that the ADA is about opportunity, not pity."

After his ruling Wednesday, Judge Coffin said he disagreed with the PGA Tour's argument that the case was not about Casey Martin but was about the broad policy of fairness in golf.

The judge also said he determined that because carts are allowed on the Senior PGA Tour and during early rounds of the national qualifying school for the PGA Tour, Martin's request for a cart was not unreasonable.

Casey Martin vs. PGA Tour Inc. is the first case in which a professional athlete has invoked the Americans With Disabilities Act to play competitive sports.

Martin's journey to federal court began last year, when the Tour denied his request to drive a cart on the Hooters Tour, a mini-tour primarily in the Southeast. He dropped out after being unable to use a cart. When he asked the PGA Tour for permission to use a cart in the final qualifying round of the Nike Tour, he was denied again. After Judge Coffin issued his preliminary injunction, the PGA Tour allowed Martin and any other golfer to use a cart in its qualifying tournament. Martin did not qualify for the PGA Tour but did make the Nike Tour. He won the Lakeland (Florida) Classic in December, the first Nike Tour event of the season. The next event in which Martin could compete is the Texas Open, the first week in March.

For the Americans With Disabilities Act to be applicable in Martin's case, his lawyers, William Witsell and Martha Walters, had to prove that the competitive area of a golf course was a public space and/or that Martin was an employee of the PGA Tour. Judge Coffin settled that two weeks ago when he ruled against the PGA Tour's request for dismissal of Martin's suit on grounds that the golf course was an athletic playing field open only to the players. In that ruling, Judge Coffin stated the entire golf course was public and therefore subject to the rules of the disabilities act.

Martin's lawyers then had to show that his use of a golf cart would not fundamentally alter the nature of the game.

They argued that the game came down to swinging the club and putting the ball in the hole. The PGA Tour countered that walking 18 holes of golf was a key part of the challenge of high-level tournament play.

decided to disagree with the decision.

Speaking from Honolulu, where the Hawaiian Open starts Thursday, Paul Azinger, whose career was interrupted for more than a year by cancer, told The Associated Press that he might have continued playing on the PGA Tour, even while undergoing chemotherapy, had he been permitted to use a golf cart.

"I don't want to say I definitely could have played if I had a cart, but I probably would have considered playing, even during chemo," Azinger said.

While Azinger agreed it was an individual case and that most were sympathetic to Martin's situation, he cited other players with injuries or disabilities and added: "But why would it apply only to Casey Martin? Why not Jose Maria Olazabal, or me, or Ben Hogan or Bill Glasson or a whole number of other people?"

"Why is it for only one guy? If a guy really needs a cart to get around, then there are a lot of other guys that could use a golf cart as well."

Fred Couples, who has a chronically sore back, said that Martin will gain a clear advantage by using a cart.

"I don't understand how anyone can say, in golf, you don't expend any energy playing it," Couples said. "That's the biggest farce in the world. That's the only thing that irritates me about this. It's much easier to play golf riding a cart."

Mike Donald, a former touring pro who played in eight PGA Tour events last year, also believes the ruling will create an "uneven playing field."

"It's hard for me to imagine that on a hot summer day in Memphis, when you have to play 36 holes in a day, that fatigue isn't going to be a factor," Donald said.

"And what about playing against someone who's able to get in position to decide what shot they want a lot faster than you are? I was fined \$1,000 last year for taking 47 seconds on an iron shot."

"Meanwhile, someone in a cart is already sitting up the shot and has two to three minutes."

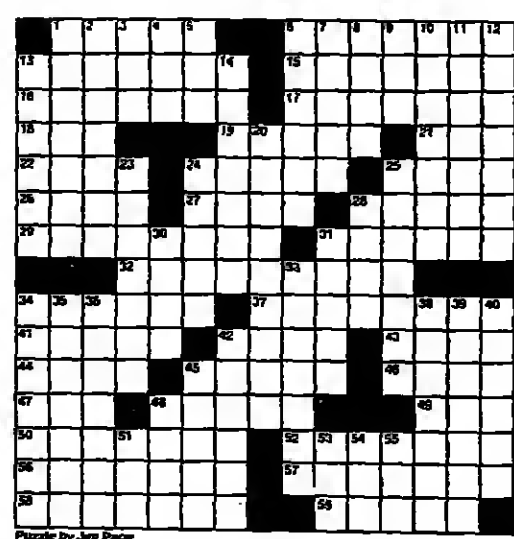
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- 41 Mother of Richard I
- 42 Drafts
- 43 Country in 1994 headlines



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Solution to Puzzle of Feb. 12

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Test Delayed After Players Are Mugged

Reuters

JOHANNESBURG — The first cricket test between South Africa and Pakistan has been postponed for at least 24 hours after the mugging of two Pakistan bowlers left the tourists with just 10 fit players.

The South African cricket board announced the decision Thursday, 13 hours before the first ball was due to be bowled. Ali Bacher, the managing director of the South African board, said it hoped to start the game on Saturday if the victims, Saqlain Mushtaq and Mohammad Akram, are fit enough. Saqlain Mushtaq and Mohammad Akram were attacked by three men as they walked to a restaurant in Johannesburg on Wednesday evening.

Saqlain Mushtaq is wearing a neck brace and Mohammad Akram has a cut bowling hand. Rashid Latif, Pakistan's captain, said that, in addition to the mugging victims, he was injured and so were bowlers Shoaib Akhtar and Waqar Younis.

SPORTS

Sonics Edge San Antonio In Battle for the West

Pacers Show Strength in East Division, Beating Heat

The Associated Press

Judging by the results in the contests between the division leaders in the East and the West, the Indiana Pacers are well ahead of the Miami Heat, and the Seattle SuperSonics are not much better than the San Antonio Spurs.

Sonics 106, Spurs 105 In San Antonio, Vin Baker hit a 14-foot (4.5-meter) shot with

NBA ROUNDUP

1.9 seconds left to complete a late comeback by Seattle as the Sonics beat the Spurs.

Seattle erased an 11-point deficit in the final eight minutes and won on Baker's shot over the 7-foot (2.13-meter) David Robinson.

"I tried to make a move on David," Baker said. "I tried to make every move possible and he snuck with me. So I came back to the middle and got a shot I felt comfortable with. The fact that it went in was just a blessing from God."

Baker led the Sonics with 24 points, Detlef Schrempf had 21 and Gary Payton 20.

Seattle is the best team in the league," said the Spurs' coach, Gregg Popovich. "They're poised and have been together a long time. But we'll get better."

Tim Duncan led the Spurs with 26 points and Robinson had 20 points.

Pacers 110, Heat 101 In Miami, Reggie Miller scored 30 points, and Indiana built a 22-point lead in the third period before surviving a late rally by Miami. The Pacers, who lead the Central Division, won for the ninth time in 10 games and broke a four-game winning streak by the Heat, the Atlantic Division leader.

"This was a big game for my guys," Indiana's coach, Larry Bird, said. "They wanted this win badly. I'm pretty pleased with my team

right now." Indiana improved to 16-9 on the road, the best in the Eastern Conference.

Magic 96, Timberwolves 89 Orlando overcame the distraction of rumors regarding a trade of Penny Hardaway to win in Minneapolis.

Hardaway's name was being discussed in a three-team trade between the Magic, Toronto and New Jersey. He said he expected a deal to be concluded as soon as Thursday.

"I really don't want to play in New Jersey," he said. "I don't want to go somewhere where I don't want to be."

Nick Anderson scored a season-high 28 points and made 11 rebounds. Hardaway, the 6-foot-7 All-Star guard, watched the game from the bench after straining a calf muscle in Tuesday night's loss at Indiana.

Bulls 92, Hornets 90 Michael Jordan scored 29 points, including a spectacular reverse lay-up with 35 seconds left in Charlotte.

Scottie Pippen added 23 points for the Bulls, who won the season series, 3-1.

The Hornets had a chance to win at the buzzer, but Vernon Maxwell's 3-point shot banked off the rim and missed.

Pistons 95, Bucks 83 Joe Dumars hit two of his four 3-pointers down the stretch to help Detroit to its second straight triumph under its new coach, Alvin Gentry.

Grant Hill led the Pistons with 21 points and Jerry Stackhouse scored 16. Glenn Robinson scored 26 and Ray Allen added 24 for the visiting Bucks.

Lakers 105, Warriors 99 Shaquille O'Neal overcame an upset stomach to score 33 points and grab 10 rebounds—all in the final three quarters.

Nick Van Exel had 19 points and 14 assists and Rick

Fox added 15 points for the host Lakers, who won for the 11th time in 15 games.

Joe Smith scored 25 points and Tony Delk had 22 points and seven assists for the Warriors, who lost their sixth straight.

76ers 91, Mavericks 90 In Philadelphia, Allen Iverson capped his 16-point fourth quarter with the game-winning 3-pointer with 2.9 seconds left as the 76ers came back from a 14-point, fourth quarter deficit and ended a seven-game losing streak.

Michael Finley made a jumper at the buzzer for Dallas, but a referee annulled the basket despite the protests of Finley and his coach, Don Nelson.

Wizards 110, Clippers 104 In Los Angeles, Rod Strickland had 31 points and 13 assists and Calbert Cheaney scored 22 of his 28 points in the first half as Washington handed the Clippers their 14th loss in 16 games.

The Clippers got a career-high 34 points from Rodney Rogers, 28 points from Lamonique Murray and 22 rebounds from Lorenzen Wright.



The Pacers' Antonio Davis, left, knocking a pass away from the Heat's P.J. Brown.

NBA Players Split on Marijuana Ban

By Scott Soshnick
Bloomberg News

NEW YORK—Some of the National Basketball Association's biggest stars favor mandatory testing of players for marijuana, breaking ranks with the players union.

The NBA is the only one of the four major North American professional sports leagues that does not list marijuana as a banned substance.

The policy, in effect since 1984, has come under scrutiny recently because such high-profile players as Washington's Chris Webber and Portland's Isiah Rider have been arrested on marijuana charges.

"We should be tested," said David Robinson, All-Star center of the San Antonio Spurs. "It's a no-brainer."

Billy Hunter, executive director of the National Basketball Players Association, resists testing, saying the entire membership should not be investigated because of the transgressions of a few.

The verbal sparring between the league and union comes as they prepare for a possible reopening of the collective bargaining agreement after the season.

The NBA's drug policy states that players can be disciplined for using or selling heroine or cocaine. Users of marijuana can be disciplined by the league only if the use results in a conviction.

Grant Hill of the Detroit Pistons also does not understand Hunter's stance. "It's crazy," he said. "It doesn't make any sense. If it's illegal, it's illegal."

Hunter said the opposition represents only a small percentage of the league's 400-or-so players. "If we differ, we'll differ inside," he said. "When we come out, we'll be unified."

Speaking after a meeting of the players union on Saturday in New York, site of the All-Star game, Hunter said a majority of those attending opposed testing for marijuana.

He also rejected an October New York Times report that said 70 percent of players use marijuana, but he acknowledged that there was an "image problem."

After Slow Start, Carolina Prevails

The Associated Press

Top-ranked North Carolina held Virginia to 12 points in the second half of a 60-45 victory. It was the Cavaliers' fourth loss this season to a No. 1 team.

"It was just one of those things where in the second half, we just came together

COLLEGE BASKETBALL

defensively," said Antawn Jamison, the Tar Heels forward, who outscored Virginia by one point in the second half Wednesday night.

"In the first half, we were missing easy shots and they were hitting everything," said Jamison, who finished with 19 points and 14 rebounds. "We clamped down defensively at the end of the half, then played Carolina basketball offensively and defensively after that."

That meant a sixth straight loss for the Cavaliers (10-14, 2-9 Atlantic Coast Conference), who had the home crowd primed for an upset as Curtis Staples hit six 3-pointers early in the game and with 3:15 left in the first half Virginia led, 31-17.

"Things were going fine," Staples said. "But the second half was totally different. They were on the whole time."

Shammond Williams, who scored a career-high 42 points Sunday in North Carolina's double-overtime victory over Georgia Tech, played just four minutes after having a disagreement with his coach, Bill Guthridge.

Williams said he got upset about something and that he agreed with Guthridge's decision to bench him for the rest of the game.

No. 16 West Virginia 80, No. 6 Connecticut 62 Senior guard Greg Jones scored 18 points in his first career start as the Mountaineers (20-4, 10-4) moved into contention for first place in the Big East 6, tied with St. John's and a half-game behind Connecticut (21-4, 10-3). Richard Hamilton had 19 points for the visiting Huskies.

No. 7 Kentucky 80, Tennessee 74 Scott Padgett, scoreless in the first half, scored Kentucky's first eight points of the second half and made a 3-pointer late in the game as the Wildcats (22-3, 10-1 Southeastern Conference) beat the Volunteers. Nazr Mohammed had 21 points and 16 rebounds for Kentucky, while Padgett finished with 17 points and 10 rebounds. Tony Harris and C.J. Black each scored 19 points for the visiting Volunteers (15-6, 5-6).

No. 15 South Carolina 74, Alabama 63 Herbert Lee Davis scored 16 points and Ryan Stack added 15 points and 11 rebounds as the Gamecocks (18-4, 8-3 Southeastern Conference) won their 20th straight home game. Brian Williams scored 19 points in the second half for the Crimson Tide (10-14, 2-9).

No. 18 Mississippi 87, Vanderbilt 76 Keith Carter had 17 points and Ansu Sesay 14 for the Rebels (16-5, 7-4 Southeastern Conference), who extended their school-record home winning streak to 18 games by hitting a season-high 11 3-pointers. Drew Maddux had 18 points for the Commodores (15-9, 4-7).

No. 21 Michigan 76, Ohio St. 68 Louis Bullock scored 22 points for the Wolverines (18-7, 8-4 Big Ten), who learned earlier in the day that they would be without their starting forward Maceo Baston for two weeks after he suffered a foot injury. Michael Redd, a freshman, had 22 points for the visiting Buckeyes (7-16, 0-10).

No. 24 Maryland 76, North Carolina St. 63 Rodney Elliott scored 19 points as the Terrapins (15-7, 8-4 Atlantic Coast Conference) improved to 11-1 at home. Kenny Inge had 12 points and 14 rebounds to lead the Wolfpack (12-11, 3-9), which committed a season-high 24 turnovers, double the team's average.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	Pct	GB
Miami	11	18	.383	—
New Jersey	14	15	.483	2 1/2
New York	14	21	.400	5 1/2
Washington	17	18	.486	2 1/2
Boston	22	13	.625	—
Philadelphia	15	21	.417	10 1/2

CENTRAL DIVISION

	W	L	Pct	GB
Indiana	15	13	.538	—
Chicago	16	12	.571	1/2
Atlanta	20	10	.667	—
Charlotte	19	11	.633	1/2
Cleveland	27	5	.844	—
Lakeview	24	12	.667	1 1/2
Detroit	23	13	.643	1/2
Toronto	11	27	.294	16 1/2

WESTERN CONFERENCE

NORTHWEST DIVISION

	W	L	Pct	GB
San Antonio	14	15	.483	—
Utah	16	13	.556	1 1/2
Minnesota	22	11	.667	—
Portland	23	10	.692	1/2
Vancouver	13	26	.333	11 1/2
Dallas	9	40	.182	25 1/2
Denver	5	42	.106	28

PACIFIC DIVISION

	W	L	Pct	GB
Seattle	18	11	.620	—
L.A. Lakers	18	11	.620	—
Phoenix	22	15	.594	1 1/2
Portland	27	10	.731	—
Sacramento	20	19	.513	5 1/2
L.A. Clippers	11	29	.275	17 1/2
Golden State	8	39	.179	20 1/2

SOUTHWEST DIVISION

L.A. Clippers	11	39	.220	27½
Golden State	8	39	.170	29

WINTER OLYMPICS

Herald Tribune

FRIDAY, FEBRUARY 13, 1998

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OLYMPIC ROUNDUP

Canada to Face U.S.

ICE HOCKEY The United States and Canada will meet in the gold medal women's ice hockey game.

Canada, which has beaten the United States four times since 1990 in the Women's World Championship, defeated Finland 4-2 Thursday to guarantee both teams a spot in next week's final.

Only six teams are playing as women's hockey makes its Olympic debut and the top two finishers in the preliminary round go directly to the gold medal game.

"Canada will win," said Rauno Korpi, the Finland coach. "The U.S. has one advantage, which we had: They will start the game as underdogs." Therese Brisson's two goals led Canada to its victory. The United States was keyed to a 10-0 win over Japan by Katie King's three goals.

Canada and the United States also meet Saturday in the last day of preliminary games.

Finland and China, who also play each other Saturday, will play next week for the bronze. China beat Sweden, 3-1, Thursday.

Norwegian Wins Gold

SPEED SKATING Aadne Sundral of Norway set a new world record as he won the Olympic 1,500 meters on Thursday.

Sundral shaved 1.01 seconds from Dutchman Rinje Ritsma's world mark as he sped to his first big title.

Ritsma clocked one minute 48.88 seconds in the Dutch city of Heerenveen in December but Sundral reduced it to 1:47.87 on the Nagano ice.

Victory was sweet revenge for the outspoken Sundral, for years in the shadow of great compatriot Johann Olav Koss, then Ritsma and Ids Postma, also Dutch.

Postma and Ritsma had to be content with silver and bronze respectively.

"I've been called everything — a loser, the man who always comes second, a Doosd Duck — but today, I'm proud of myself," Sundral said.

Canadians Unbeaten

CURLING Canada (6-0), which has won four of the last five world championships, remained the only undefeated men's team by beating Switzerland 8-3 and Sweden 6-3. In other matches, Norway edged Switzerland 5-4 and Germany beat Britain 6-4.

Canada (5-1) also gained a first-place tie in the women's tournament by beating Sweden (5-1) by 7-5. Britain (4-2) assured itself of a place in Saturday's semifinals by beating Germany (1-5) 6-5, and Denmark (4-2) made certain it would move on by beating Japan (2-4) by 6-4.



Andy Kapp leading Germany to a curling victory over Britain.



Elvis Stojko of Canada performing his short program on Thursday.

Kulik Floats on Gossamer Wings

After Short Program, Russian Leads but Gold Medal Is No Cinch

By Jere Longman
New York Times Service

NAGANO, Japan — Through four hours of clean, if tense, and careful skating in the men's short program Thursday, absolutely nothing was decided. The favorites did not make mistakes. They did not unravel the expected order of finish. And they did not make it any easier for the judges to decide who should win the Olympic gold medal.

Ilya Kulik of Russia finished first, Elvis Stojko of Canada second and Todd Eldredge of the United States third. But none received a majority of first-place votes from the nine judges.

The skater who delivered the most inspired program — 17-year-old Alexei Yagudin of Russia — finished fourth.

"It's like ice dancing," complained Alexei Mishin, who coaches Yagudin. "They decide before and they never go away from what they decided."

The top three contenders advanced to Saturday's long program displaying their individual strengths and weaknesses. Essentially, Kulik, Stojko and Eldredge are even. The 4½-minute long program will count for two-thirds of the scoring. If any of these three skaters win the long program, they will also win the gold medal. Nothing is certain except that there will be a new champion.

Alexei Urmanov of Russia is suffering from a groin injury and is not trying to retain his title. Who will be his successor? There are only hints, no guarantees.

"I don't think any messages were sent," said Richard Callaghan, who coaches Eldredge. "I think it's open."

If the judges sent any message, it was that they prefer Kulik's artistry. He received 5.8s and 5.9s for presentation Thursday. And because the artistic mark

is the tiebreaker in the long program, if the Kulik skates cleanly, he is likely to win.

He delivered a performance as gossamer as the wings on the sleeves of his costume. He was unburied and refined

FIGURE SKATING

and he landed his jumps with softness and flow. But he received only four first-place votes, which means he is not a decisive favorite for a gold medal.

Kulik has lacked stamina in the past and has been known to weaken in the free skate. Also, these are his first Olympic Games. No man since Dick Button in 1948 has won the Olympics on his first try.

"It was nothing special, but it was O.K.," Kulik said of his short program. "I have a good chance to win a gold medal. I'm going for it. History is yesterday. Tomorrow is, who knows?"

Kulik will have the disadvantage of skating first among the contenders.

But if Kulik has the artistic edge, Stojko has the technical advantage. Kulik has a quadruple jump; Stojko can land his quadruple toe in combination with a triple toe. He won a silver medal in 1994; to win a gold in 1998, he will need to boost his technical mark as high as possible with a quad and eight triple jumps in a powerful, determined free skate.

"I don't think it's Ilya's to lose," said Stojko. "It's up for grabs right now. Whoever deserves it is going to win it."

It is logical that a three-time world champion should win the gold medal," said Philippe Candeloro of France, the 1994 silver medalist who finished fifth in the short program. "Elvis is the only one who can do the quad and all the triple jumps. But if you do a quad and

nothing else, it's built." Still, the short, stocky Stojko received marks as low as 5.6 and 5.7 for artistry. The Canadian judge, Sally Rehorich, awarded him a perfect 6.

But she is also the person who provided him with the Japanese drum music for his short program, and many wonder whether her presence on the panel is a conflict of interest.

"Nobody else will fight for it like Elvis will," said Robin Cousins, the 1980 Olympic champion from Britain. "The reason he fights is he's aware he has shortcomings."

Eldredge, the 1996 world champion is the only contender who has never landed a quad in competition. And, skating after Kulik in the final group on Saturday, he is not likely to attempt one. He is brilliant spinner and a consistent, reliable skater. The quad, he said, is not a priority.

"I don't think it's that big a deal," Eldredge said. "The quad takes eight-tenths of a second and you still have 4 minutes, 40 seconds left. That's a lot of time for other things."

Eldredge skated an unblemished, if unengaging, short program to "Les Miserables."

He didn't self-destruct like teammate Michael Weiss, who fell on his combination jump and finished 11th. And he will likely play it safe on Saturday, apparently satisfied to win a medal, even if it is not a gold medal.

"I think everything I do is well rounded," said Eldredge, who has added more ambitious footwork to his long program. "I don't hear everyone say I'm a great jumper. I don't hear people say I'm artistic. They say both together in the same breath. I hope on Saturday that makes the difference."

Sport With Touch of Soap Opera? That's Ice Dancing

By Jere Longman
New York Times Service

NAGANO, Japan — Pasha Grishuk of Russia has arrived at the Winter Olympics, and judging from her costume, she appears to be going to the Crusades in a bikini.

Off the ice she wears a fur coat, which may or may not be fake. Her earrings hang like chandeliers. And after one day, she sorely missed her cocker spaniel, Vanya.

At the 1997 world championships, Grishuk wanted Vanya to be included in her official accreditation picture. This time, the spaniel remained behind as Grishuk and her partner, Yevgeni Platov, tried to become the first couple to repeat as Olympic ice dancing champions.

"I bought him a football jacket," Grishuk said of her dog. "He likes to play soccer. We call him Pele."

Ice dancing may be the most flamboyantly entertaining of the four figure skating disciplines, and it is has widespread popularity and wondrous skaters. But it also has almost zero credibility as a sport.

With the compulsory waltz and Argentine tango dances scheduled for Friday, ice dancing finds itself mired in controversies over bloc voting by the judges, confusion over the rules, power plays by Russian coaches who live in the United States, bickering between skaters from Russia and Canada and blade-slashing incidents involving the top two Russian couples.

Shae-Lynn Bourne of Canada said she did not believe that all the judges knew the rules. Anjelika Krylova of Russia said she thought the recent European championships were rigged in favor of Grishuk and Platov.

Ottavio Cinquanta of Italy, the president of the International Skating Union, said he was concerned that the skaters seemed to be placed in the same order of finish at competition after competition.

"Ice dancing is too predictable," Cinquanta said. "A couple that is No. 1 in October is No. 1 in February."

At the European championships last

month, judges were warned against bloc voting, unwarranted perfect scores of 6, and deliberate marking down of skaters. The same warning was expected to be given before the compulsory dances Friday.

"I wish the sport would be a sport and get rid of all the junk on the side," said Isabelle Duchesnay, a French Canadian who won a silver medal for France with her brother, Paul, at the 1992 Winter Games in Albertville, France. "Ice dancing is a noble sport, but it's starting to lose some nobility."

Ice dancing consists of two compulsory dances, an original dance and a free dance. To differentiate from pairs skating, ice dancing does not allow the man to lift his partner above his shoulders, and the couples cannot be separated more than five times or for more than five seconds at a time. No kneeling on the ice is allowed, or pulling and pushing by the leg, and both partners must have one foot on the ground at all times, except during permitted lifts.

The problem is that the rules are often broken. Many people consider ice dancing more of an art form, or a soap opera, than true sport.

Once it got rave reviews. Jayne Torvill and Christopher Dean of Britain gave one of the most smoldering, mesmerizing performances in figure skating history when they skated to Ravel's "Bolero" at the 1984 Winter Games in Sarajevo, Bosnia-Herzegovina. Now, like this season's original dance, many believe the sport is nothing but jive.

"It's a sport, but it's not legitimate," said Tamara Moskvina, coach of the Olympic pairs champions from Russia, Artur Dmitriev and Oksana Kazakova. "The objective qualities are very difficult to find and judge."

Even footwork seems to be missing from the skating these days.

"There's no dance in dance," said Tracy Wilson of Canada, who won a bronze medal in ice dancing at the 1988 Winter Games in Calgary.

The judges say they want footwork, said Bourne of Canada, but when it comes to knowing the rules "I don't

believe everyone is clear on them."

At the epicenter of ice dancing are Grishuk, 25, and Platov, 30, the four-time world champions and defending Olympic champions. They have won 21 consecutive competitions the past four years and are superior to others in terms of speed, technical ability and unison.

And she is outrageously engaging. Her hair is a platinum color found nowhere in nature. Her first name formerly was Oksana, but she changed it so as not to be confused with that other Olympic champion, Oksana Baiul.

"O.K., let's talk," Grishuk said after practice Thursday.

She wanted to talk about the movie she could not make with Robert DeNiro because of the Olympics. She wanted to talk about her cocker spaniel. She wanted to talk about her greatness and how it is as natural as "milk from cows." But she did not want to talk about the incident last summer when Nicole Bobek slapped her in an argument over a boyfriend.

"Everything will be in my book," Grishuk said, giving the working title as "Pasha With Love." "All my friends say it will be the most interesting book in figure skating because so many exciting things happen to me."

She can devote several chapters to her coaches, present and past, in skating's version of "War and Peace."

The International Skating Union's official media guide says that Grishuk left her former coach Natalia Dubova in 1992 after Grishuk had an affair with another of Dubova's skaters and was asked to leave. Natalia Linichuk has threatened a lawsuit, saying that Grishuk and Platov owe her money from training in recent seasons in Wilmington, Delaware.

Grishuk said she left Dubova of her own accord and that she left Linichuk because she and Platov were not receiving enough personal attention. Grishuk and Platov now train in Massachusetts with Tatiana Tarasova.

Grishuk's former coaches owe tutor her main rivals, Dubova coaches the Canadians, Bourne and Victor Kraatz, in Lake Placid, New York, and Linichuk

coaches Krylova and Oleg Ovsyanikov of Russia, in Delaware.

This power triangle is the heart of all the drama and intrigue in ice dancing.

At last month's European championships in Milan, Krylova slashed Grishuk on her forearm with her skate blade one day and sliced Platov's costume behind the knee another time. Some observers thought the couples might have been playing a high stakes game of chicken.

"I think maybe because we are winning so many times, they are trying to kill us," Platov said at the European championships, apparently joking.

Asked if he thought the incidents were intentional, Platov said Thursday, "I'd like to believe not."

Krylova, who apologized to Grishuk and Platov in Milan, said here that the slashings were accidental. "Nobody wants to kill anybody," she said. She did add, however, that she believed that Grishuk and Platov's victory and her own second-place finish at the European championships had "already been decided" before the competition began.

The Canadian skating federation has also accused the Russian, French and Italian judges of deal-making to prop up their own skaters.

"I'm glad these things are coming out and not hidden," Bourne said. "Maybe things will change."

Grishuk said that those who complain about the judging are "weak."

Tarasova, Grishuk's coach, snipped, "It is my opinion the Canadians this year are not ready for competition."

Enmity between Grishuk and Platov and Bourne and Kraatz came into the open at the Champion Series Final, an Olympic preview held in December in Munich. After the original dance, Grishuk's aunt, Zoya Kujawsky, stood up at a news conference and told the Canadians they weren't talented enough for first or second place.

"I was shocked," Bourne said.

Grishuk later said she could learn Bourne and Kraatz's Riverdance routine in a single day.

"Why don't they try," Kraatz huffed.

OLYMPIC SCHEDULE

FRIDAY, FEB. 13	
ALPINE SKIING, Niseko — Men: Downhill, 10:15 a.m.; Giant Slalom, 12:15 p.m.; Slalom, 1:30 p.m.	WOMEN'S SKIING, Niseko — Women: Downhill, 10:15 a.m.; Giant Slalom, 12:15 p.m.; Slalom, 1:30 p.m.
BIATLON, Niseko — Men: 15 km, 9 a.m.; 10 km, 11 a.m.; 15 km, 12:30 p.m.; 10 km, 2 p.m.; 15 km, 3 p.m.	WOMEN'S BIATLON, Niseko — Women: 10 km, 9 a.m.; 15 km, 11 a.m.; 10 km, 12:30 p.m.; 15 km, 2 p.m.
FIGURE SKATING, Nagano — Men: Free skate, 7 p.m.	WOMEN'S FIGURE SKATING, Nagano — Women: Free skate, 7 p.m.
ICE HOCKEY, Nagano — Men: United States vs. Sweden, 2:45 p.m.; Finland vs. Czech Republic, 2:45 p.m.; Canada vs. Belarus, 6:45 p.m.; Kazakhstan vs. Russia, 8:45 p.m.	WOMEN'S ICE HOCKEY, Nagano — Women: 500 meters, first round, 4:30 p.m.
SATURDAY, FEB. 14	
ALPINE SKIING, Hakuba — Men: Super G, 8:45 a.m.; Downhill, 10:15 a.m.	WOMEN'S ALPINE SKIING, Hakuba — Women: Super G, 8:45 a.m.; Downhill, 10:15 a.m.
BIATLON, Niseko — Two-Man, 9 a.m.	CROSS COUNTRY SKIING, Hakuba — Men: 15 km free, 9 a.m.
CURLING, Niseko — Men and Women: The break, if necessary, 9 a.m.; Women: Semifinals, 2 p.m.; Men: Semifinals, 6 p.m.	FIGURE SKATING, Nagano — Men: Free skate, 7 p.m.
ICE HOCKEY, Nagano — Men: Belarus vs. United States, 2:45 p.m.; Sweden vs. Canada, 6:45 p.m.; Women: Japan vs. Sweden, 10 a.m.; Finland vs. China, 4 p.m.; Canada vs. United States, 8 p.m.	WOMEN'S ICE HOCKEY, Nagano — Women: 500 meters, second round, 4:30 p.m.
All Times Local	

On Scalpers' Row, Business Is Booming

Bloomberg News

NAGANO, Japan — They have come from the United States, Sweden and England to compete at the Winter Olympics, yet they could not march in the opening ceremonies, win medals or stay in the athletes' village.

They're Olympic ticket scalpers. The group of about 100 brokers representing at least six countries have turned a block-long area of Nagano into scenes much like the prelude of a Chicago Bulls game.

"Who needs a pair?" they shout. Others, more enterprising, awkwardly chant "chiketto," the Japanese word for tickets, in New York, British and Scandinavian accents.

While spending thousands of dollars and traveling as much as 26 hours to get to the Olympics seems like a tough way to make a living, some scalpers said they have turned profits of at least \$15,000 at the past three Olympics.

The streak looks like it will continue in Nagano. Scalpers are getting more than seven times face value for some sports even before the most profitable events — ice hockey and figure skating — reach the final stages.

"It's been great, much better than I expected," said Tomas Swensen, an economics major at a Swedish college who began his career at the Olympics at

the 1992 games in Albertville, France. "The people are friendly over here and they are willing to pay."

At a freestyle skiing preliminary round, scalpers were collecting \$120 for \$16 tickets. They also fared well for the luge, pocketing \$40 for \$16 tickets.

"I can't believe how good this has been for us here," said Thomas Smythe, a scalper from England. "I was expecting the worst."

Unlike the Olympic Games in 1996 in Atlanta, where authorities pursued scalpers vigorously and arrested them frequently, the police in Nagano do not bother them.

When a scalper did not realize he had dropped a 5,000-yen bill during a luge ticket sale, a police officer waited until the sale was completed.

Afterward, the officer politely returned the money, about \$40.

"Can you even imagine this happening at Atlanta?" Swensen asked.

It is not against the law in Nagano prefecture to sell tickets for more than face value unless the seller bothers or coerces the buyer, the Nagano police said. The Nagano Olympic Organizing Committee said it would not bother the scalpers, even though shouts of "Whn's selling tickets?" isn't what the committee wants to hear in Nagano's quaint central city.

"The policy that we're taking on these games is to be hands-off unless people are bothered by it," said Donna Carter, a spokeswoman for the Olympic committee. "We don't like what they're doing, but we're not looking to start trouble."

The Olympics is one of the scalping profession's most potentially lucrative events because the sellers are frequently able to buy tickets below the listed price through "connections" with travel agents, sponsors and Olympic committees.

At the Metropolitan Hotel in central Nagano, scalpers buy day-of-event tickets at half price from a ticket office sanctioned by the U.S. Olympic Committee and then resell them.

Nt everyone is making a killing, though. While some scalpers bought hundreds of tickets for the sold-out opening ceremonies, the market price never rose above the face value of about \$160 to \$280, scalpers said. Even Japan's first ice hockey game, against Germany, could not drive the prices over face values of \$80 and \$64. Some tickets for a hockey game between Italy and Kazakhstan with a face value of \$64 went for about \$3.50.

Tickets for the figure skating and hockey finals with a face value of \$240 are expected to sell for at least \$1,000 each, scalpers said.



Larissa Lazutina of Russia finishing the 10-kilometer pursuit to capture her second gold of the games.

Dahlie Takes 6th Gold, Men's Winter Record

The Associated Press

HAKUBA, Japan — Bjorn Dahlie of Norway became the first man to win six Winter Olympic gold medals when he captured the 10-kilometer classical cross-country race Thursday.

Larissa Lazutina of Russia became the most successful athlete so far in Nagano when

she won her second gold medal in two days in the women's 10-kilometer (6.5-mile) pursuit. She also has a silver.

Dahlie, who fell to 20th in the 30-kilometer race Monday after putting the wrong wax on his skis, got it right this time while skiing in a steady rain at the Snow Harp course. Although his skis slipped frequently, he led from the start Thursday and finished in 27 minutes, 24.5 seconds.

Markus Gandler of Austria, eight seconds slower, won

the silver. Mika Myllylae of Finland, winner of the 30-kilometer race, won the bronze in 27:40.1.

Dahlie won three gold medals at Albertville, France, in 1992 and the two he collected at Lillehammer, Norway, in 1994.

Lazutina, 32, held off a strong challenge from a fellow Russian, Olga Danilova, and the Czech skier Katerina Neumannova, adding the 10-kilometer freestyle pursuit to the 5-kilometer title she won Tuesday.

Lazutina finished in 28 minutes 29.9 seconds. Added to her 5-kilometer time, that gave her a total of 46:06.9. The pursuit is decided on total time in the two races.

Neumannova chased throughout the race. About one kilometer before the finish, Lazutina pulled away while Danilova, who had won the 15-kilometer race Sunday, passed Neumannova to take the silver.

Heavy Rain and

OLYMPIC SCOREBOARD

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The Lincoln Highway

A year from now, a complete analysis of Lincoln's law practice from 1836 to 1861 will come out in a com-

The electronic project "will serve as a virtual Lincoln library — the first of its kind for any president," Schwartz said.

The film was marketed for so public, for Park makes the couple than enticing. "After a year stru

New Wave in Korea: A Movie About Sadness



A scene from "Motel Cactus," set in a love motel in Seoul, the directorial debut of Park Ki Yong, right.

“For example, we saw after shooting the third episode that the dialogue didn’t work. It’s a violent confrontation between two people and we needed body language, not talk.

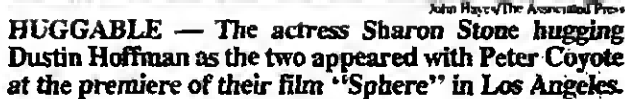
"I'm the eldest and I have my parents to take care of. I feel responsible for them — that's very Korean. Before I was 30, I was comfortable traveling; now, after a few weeks away from home, I have trouble with the food. I find myself becoming more and more Korean, like my father."

Gift to Israel Museum

The Israel Museum, which was founded in 1965, is the largest cultural institution in Israel, with an encyclopedic collection of about 500,000 objects ranging from pre-historic archaeology to contemporary art.


The Werkunde conference, an annual think-in for defense

PEOPLE



The original lyrics to "Candle in the Wind 1997," the ballad sung at the funeral of Diana, Princess of Wales, were sold at a benefit auction in Los Angeles for \$400,000. Three pages of handwritten lyrics and a printed final version autographed by the songwriters, Bernie Taupin and Elton John, were sold to the Lund Foundation, a nonprofit group that funds programs for disadvantaged children. The money will go to the Children's Hospital of Los Angeles.

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Czech Republic*	00-402-00-011	Israel*	177-100-2727	Sweden*	020-795-611
Egypt*(Cairo)*	510-0200	Italy*	172-0111	Switzerland*	0800-89-0011
France*	0800-99-0011	Netherlands*	0800-022-9111	United Kingdom*	0500-59-0011
Germany*	0130-0010	Russia*(Moscow)*	755-5042	United Kingdom*	0800-89-0011

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